

MISSISSIPPI



Fiscal Year Ended June 30, 2000

Department of Finance and Administration

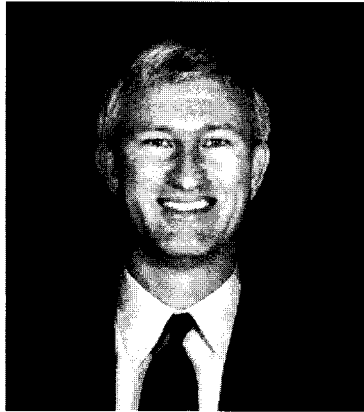
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Gary Anderson
Executive Director



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

RONNIE MUSGROVE
GOVERNOR



December 31, 2000

To the Members of the Legislature and the Citizens of Mississippi:

We are pleased to submit Mississippi's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. As the year comes to an end, Mississippi finds itself in the spotlight of the nation and the world as people take notice of the accomplishments we have made for the people of the State of Mississippi.

A quality education for all Mississippians is vital to our success. We must educate and train Mississippi's children and recruit exceptional teachers for our state. Our children demand the best education that Mississippi can provide, and this spring we passed a bill, which will raise teacher pay in Mississippi to the Southeastern average.

In May 2000, we unveiled a new plan of action to promote the Children's Health Insurance Program (CHIP), which provides much needed insurance coverage to Mississippi children of working families. Because of this plan, more than 18,000 additional Mississippi children have access to healthcare, an increase of 36 times the number covered at the start of my administration.

Mississippi continues to enjoy exceptional growth and unprecedented economic development. Mississippi now, more than ever, is seeking to become a key player in the national and world economy. We are making great strides in an effort to create new, high paying job opportunities for our people.

As Mississippi enters a new century, we look forward to new opportunities. We will continue to improve education, economic development, healthcare and public safety. As Governor, I am excited about what Mississippi has to offer the nation and the world.

We will continue to work together to make Mississippi an even better place to live, work and visit.

Very truly yours,


RONNIE MUSGROVE



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**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

GARY ANDERSON
EXECUTIVE DIRECTOR



December 20, 2000

To Governor Musgrove:

It is my pleasure to transmit to you the Comprehensive Annual Financial Report of the state of Mississippi for the year ended June 30, 2000 as provided in Section 27-104-4, Mississippi Code Annotated (1972). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations in the financial statements, including all disclosures, rests with the state. I believe the information as presented is accurate in all material aspects and is presented in a manner which sets forth the financial position and results of operations of the state of Mississippi in conformity with generally accepted accounting principles (GAAP). The financial presentations in this report are designed to show the financial activities of the fund types and account groups of the state. All disclosures necessary to enable a reader to gain maximum understanding of the state's financial activities have been included.

The 2000 Comprehensive Annual Financial Report is presented in three sections: the introductory section which provides summary financial data and narrative commentary on matters of interest to the reader; the financial section which includes the state auditor's report, audited general purpose financial statements and notes thereto, and underlying combining and individual fund financial statements and supporting schedules; and the statistical section which sets forth selected unaudited economic, financial trend and demographic information for the state on a multi-year basis.

The state's General Purpose Financial Statements include all funds and account groups that comprise the state's legal entity or primary government. The state's reporting entity is also comprised of its discretely presented component units for which the elected officials of the state's primary government are financially accountable in accordance with criteria established by the Governmental Accounting Standards Board. The criteria used in defining the state's reporting entity are fully discussed in Note 1B to the financial statements. Note 1B more fully explains which financial activities are included in and which are excluded from the state's reporting entity.

Economic Conditions

The overall growth rates of employment and output in 2000 have been lower than in 1999. In 1999, the state posted a growth rate of 1.6 percent in establishment employment, and 3.9 percent in personal income. This year retail sales data, state revenue collections, and other economic indicators show a slowing economy, although levels of employment and output remain high.

Consumer confidence, which this year fell from the all-time peak reached at the end of 1999, still remained above last year's level as of July. Business confidence has wavered, though, reflecting a wait-and-see attitude, with negative responses now outnumbering the positive. Tax Commission collections for the General Fund rose only 2.9 percent in fiscal year 2000, although revenues from gaming fees and taxes continued to be strong, rising 12.7 percent in fiscal year 1999 and 10.5 percent in fiscal year 2000. So far in fiscal year 2001, overall revenues are continuing to grow at a pace of under 3 percent. Similarly, retail sales are up a modest 2.8 percent through August. The value of building permits issued is down.

Employment data also confirm a slowing rate of economic expansion. The unemployment rate through September stands at 5.6 percent, a noticeable jump from the 5.1 percent rate prevailing in 1999. Although residential employment was up 3.9 percent in the first three quarters of 2000 compared to the same period in 1999, payroll employment was up only 0.1 percent. Service sector payroll employment rose just 1.0 percent, led by a 6.2 percent increase in the amusements/gaming sector, and manufacturing employment dropped slightly as nondurable goods employment fell 2.2 percent.

Turning to construction, the boom that began in 1993 has come to a close. Employment in this sector, which grew 6.9 percent in 1998, rose only 2.4 percent in 1999 and has fallen slightly this year. The value of building permits issued year-to-date is down 4 percent, portending slow growth next year as well.

This year, amusements (notably gaming) employed about 6 percent more than in 1999, based on figures through September, while hotels and lodging employment was effectively stable. In 1999, employment in the amusements industry was stable, while the closely related hotels and lodging industry increased its employment level by over 20 percent.

In durable goods manufacturing, furniture and fixtures, the largest employer, has enjoyed the highest growth rate of employment this year, at 4.0 percent, with metal products a close second. Electronic equipment has held steady. These figures are year-to-date through September 2000.

Employment in nondurables has been declining since 1993, and the trend has not yet stopped. The apparel industry continued to shrink in 2000, after a 17 percent drop in employment in 1999. Although food and kindred products has grown a modest 0.3 percent during the first nine months of 2000, most nondurables saw the number employed fall, in preliminary figures. One exception was rubber and plastics, which grew 1.6 percent. Overall, nondurables employment was down 2.2 percent as of September.

Employment in retail trade has flattened, mirroring the slower growth in sales. Government employment has grown at close to 2 percent, led by growth in state education of 6.9 percent. Health services employment has increased modestly.

The service sector now provides 23 percent of total wage and salary employment. The average annual growth rate of employment in this sector was 3.7 percent over the 1994-1999 period. This growth rate is projected to drop to 2.2 percent over the 2000-2005 period. There are three other sectors employing 19 percent or more of workers: retail/wholesale trade, government, and manufacturing. Retail/wholesale trade employment increased at a 2.9 percent rate over the 1994-1999 period, and government sector employment rose 1.5 percent annually. Manufacturing employment fell 1.2 percent.

Manufacturing accounts for 20 percent of employment in Mississippi, compared to only 14 percent of U.S. employment. The composition of manufacturing differs as well, with the percentage of employees in furniture and lumber and wood products being more than twice the corresponding percentages for the U.S. These industries along with food products account for over a third of manufacturing employment. Transportation equipment, electronic equipment, industrial machinery, and metal products account for another third.

Mississippi's top manufacturing exports, accounting for about one-third of the state's 1999 exports, are industrial machinery and computers, electric and electronic equipment, and chemicals and allied products.

Short-Term Outlook

Mississippi is expected to experience a somewhat slower growth of output and employment in 2000 and 2001 than the nation as a whole, but the state should be close to national trends again by 2002. Gross state product (GSP) is expected to rise 2.5 percent this year and next, rising to 2.8 percent in 2002. Wage and salary employment is expected to increase at an average annual rate of about 1.3 percent this year, and will likely continue to grow at about that rate in 2001 as well.

Personal income in Mississippi grew only 3.9 percent in 1999 and again this year appears to be increasing at a similar rate. This slowdown follows a prolonged period of steady growth in wages and incomes. Between 1993 and 1998 the average wage in Mississippi rose about 1.5 percent in real terms annually or 4.3 percent in nominal terms, while personal income rose 6.7 percent or 3.6 percent in real terms. Nationally, the growth of personal income in 2000 is estimated at 6.6 percent with the growth rate forecast to be 5.8 percent by 2001, before falling to 5.0 percent in 2002 and 2003.

The gross regional product (GRP) for the southeastern region is expected to increase about 4.7 percent in 2000, a slightly slower increase than that predicted for the nation as a whole. In 2001, the growth rate is likely to match that of the nation, according to the Economic Forecasting Center of Georgia State University.

Major Initiatives

The State of Mississippi is entering a new century. As we embark on this journey, we look forward to continued success and growth. Mississippi has seen changes this year, and we are ready to make even more positive differences for the people of Mississippi.

Capital investments in new and expanded facilities were estimated at \$1.7 billion during the first three quarters of 2000, according to the Mississippi Development Authority (formerly the Department of Economic and Community Development). Of this total, \$503 million was in manufacturing facilities, a larger amount than during the corresponding period in 1999. This total does not include the location of a \$930 million automobile manufacturing plant announced by Nissan in November.

The Advantage Mississippi Initiative is allowing us to become more competitive with other states. The incentives in the package are attracting companies around the world to do business with Mississippi. Nissan has shown their faith in our state and her people; other companies will soon follow their lead.

Beginning this year, Mississippians will see changes in the way they conduct government business. With the frequency of our use of computers, it is time for Mississippians to be able to easily access Mississippi government services. E-Government will offer more accessible government services to the people of Mississippi. By October 2001, e-Government will allow us to deliver more convenient government services to our people.

The Task Force on Classroom Technology, which will oversee the placement of an Internet-accessible computer in every classroom in the state by 2002, is bringing Mississippi one step closer to becoming a leader in the world of education across the nation. We are working with MCI WorldCom to bring Broadband Internet access to every rural community in Mississippi, and we are bringing the educational tools our students need to prepare them for the workforce.

A new website to help our children prepare for a bright future in Mississippi was launched this year, under our administration. Fast Forward Mississippi (www.fastforwardms.com) guides students in kindergarten through college on the career path of their choice.

Passing the legislation to raise teacher pay in Mississippi to the Southeastern average was a milestone in our goal to become number one in education. A raise in teacher salaries will in turn lead to even better education for our children. We are able to better recruit new teachers and retain the great ones we have. Indeed, our children have a bright future.

Healthcare for Mississippi's children is more readily available since the start of 2000. Under Governor Musgrove's leadership, the Children's Health Insurance Program (CHIP), which provides much needed insurance coverage to Mississippi children of working families, has seen more than 18,000 additional Mississippi children enrolled. This is an increase of 36 times the number covered when the Governor took office.

We are on the way to becoming America's State of Promise. We are willing and able to be number one in the nation. We are joining forces, crossing agency and political lines, to accomplish more for the people of Mississippi. We have the potential, and we are beginning to utilize our assets to their fullest potential.

Financial Information

State managers are responsible for establishing and maintaining internal control to ensure that government assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with GAAP. Internal control has been implemented to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. I believe that the state's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The state also maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual budget approved by the legislature. The state's budget is prepared on a modified cash basis utilizing encumbrance accounting. Budgetary control is maintained by a formal appropriation and allotment system. The six-month allotment control process is designed and used as a management tool to enable agencies to operate on a continuing basis.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances represented by executed but unperformed purchase orders have been established and are presented for payment during the succeeding 60-day lapse period. Encumbrances are reported in the financial statements as expenditures for budgetary purposes and as a reservation of fund balance for GAAP purposes.

General Government Functions

Most state functions are financed through the governmental fund types, which include the general, special revenue, capital projects and debt service funds. Revenues from governmental fund type sources for fiscal years 2000 and 1999 are compared in the following table (amounts expressed in thousands):

Revenues by Source	FY 2000		FY 1999		Increase from FY 1999	Percent of Increase
	Amount	Percent of Total	Amount	Percent of Total		
State Taxes	\$ 4,431,550	50.4 %	\$ 4,255,102	51.9 %	\$ 176,448	4.1 %
Licenses, fees and permits	370,980	4.2	347,498	4.2	23,482	6.8
Federal government	3,098,013	35.3	2,865,653	34.9	232,360	8.1
Interest on investments	175,799	2.0	143,488	1.8	32,311	22.5
Departmental services	256,976	2.9	235,310	2.9	21,666	9.2
Other	454,109	5.2	356,767	4.3	97,342	27.3
	<u>\$ 8,787,427</u>	<u>100.0 %</u>	<u>\$ 8,203,818</u>	<u>100.0 %</u>	<u>\$ 583,609</u>	<u>7.1 %</u>

Revenues for the state increased \$583,609,000 for the year. Federal government accounted for the largest dollar amount of the increase followed by state taxes. Interest on investments and other revenues had significant percentage increases.

Total state taxes increased \$176,448,000. Sales and use taxes increased \$82,690,000 and individual income taxes increased \$65,725,000. In addition, gasoline and other motor fuels taxes increased \$14,356,000.

Included in licenses, fees and permits is \$212,723,000 of gaming fees. This amount has increased from the previous year by \$ 20,170,000 or 10.5 percent.

Federal government revenues increased 8.1 percent or \$232,360,000. The majority of this increase was in the Division of Medicaid's federal revenue, which increased \$136,490,000. Education grants increased \$15,815,000 while Department of Transportation grants increased \$59,151,000.

Interest on investments increased 22.5 percent from the previous year. This resulted primarily from an increase in the investment balance of \$30,777,000.

Departmental services increased by \$21,666,000 or 9.2 percent. The State Tax Commission's alcoholic beverage sales increased by \$8,344,000. Veterans' Affairs Board's revenues increased by \$3,936,000 primarily due to an increase in revenues from veterans' nursing homes. Many other types of revenue within this source increased slightly.

Other sources of revenue increased by \$97,342,000 or 27.3 percent. Of this amount, the revenue received from the tobacco litigation settlement increased \$89,675,000 from fiscal year 1999 to fiscal year 2000. Capital projects revenues related to junior college construction increased \$5,023,000 during the same period.

Expenditures from governmental fund type sources for fiscal years 2000 and 1999 are summarized in the following table (amounts expressed in thousands):

Expenditures by Function	FY 2000		FY 1999		Increase from FY 1999	Percent of Increase
	Amount	Percent of Total	Amount	Percent of Total		
General government	\$ 1,034,840	12.2 %	\$ 973,084	12.6 %	\$ 61,756	6.3 %
Education	2,224,058	26.2	2,017,162	26.1	206,896	10.3
Health and social services	3,138,724	37.0	2,843,194	36.7	295,530	10.4
Law, justice, and public safety	471,444	5.6	461,383	6.0	10,061	2.2
Recreation and resources development	334,666	3.9	304,507	3.9	30,159	9.9
Regulation of business and professions	27,864	.3	25,820	.3	2,044	7.9
Transportation	881,051	10.4	815,496	10.5	65,555	8.0
Debt service	264,282	3.1	222,653	2.9	41,629	18.7
Capital outlay	110,072	1.3	78,014	1.0	32,058	41.1
	<u>\$ 8,487,001</u>	<u>100.0 %</u>	<u>\$ 7,741,313</u>	<u>100.0 %</u>	<u>\$ 745,688</u>	<u>9.6 %</u>

Overall expenditures increased \$745,688,000. Capital outlay and debt service show the largest percentage increases. Health and social services and education have the largest dollar amount increases. Overall salary expenditures increased by approximately \$93,000,000 from 1999 to 2000 related to a statewide employee pay raise.

Education expenditures increased 10.3 percent or \$206,896,000. Of that amount, Department of Education's expenditures increased \$181,218,000. This increase includes \$105,576,000 of additional monies paid to the school districts for support. Another \$14,304,000 are additional expenditures related to a similar increase in federal grants. Capital improvements for the school districts and education enhancement expenditures accounted for \$41,653,000 and \$19,167,000, respectively, of the increase.

Health and social services expenditures increased \$295,530,000 or 10.4 percent. Of that amount, the Division of Medicaid's expenditures increased \$171,090,000 due, in part, to the increase in health care costs. The Department of Mental Health and related institutions' expenditures increased approximately \$49,906,000 based on an increase in Medicaid reimbursements. Expenditures for the Department of Human Services increased \$24,475,000 related to the increase in federal grants. Health care expenditures funded by the tobacco litigation settlement in the amount of \$27,813,000 were also part of this increase. In addition, the Department of Health's expenditures increased \$13,848,000 from the previous year, with approximately \$3,700,000 related to the employee pay raise, \$3,900,000 due to an increase in personal service contracts and software upgrades, and \$4,400,000 for a food contract price increase.

Recreation and resources development increased 9.9 percent or \$30,159,000. Expenditures for the Department of Economic and Community Development increased in total by \$16,697,000. A significant portion of the increase relates to grants made from bond proceeds.

Transportation expenditures increased \$65,555,000 or 8.0 percent. Many highway road work projects have been started and are continuing. State highways around the casinos, as well as highways in other areas of the state, have been or are being widened to four lanes.

Debt service expenditures increased 18.7 percent or \$41,629,000. Principal and interest payments increased by \$23,964,000 and \$18,530,000, respectively. The total in the general long-term obligations account group has increased \$642,175,000 over the last two years.

Capital outlay increased 41.1 percent or \$32,058,000. This is due primarily to an increase in construction during fiscal year 2000 financed by bond issues.

Working Cash - Stabilization Reserve Account

Within the GAAP General Fund, is the Working Cash-Stabilization Reserve Account. This account, created by state law, may be used to pay state obligations when there is insufficient cash from other General Fund sources to pay obligations as they become due. It may also be used to cover any projected deficits that may occur in the General Fund as a result of revenue shortfalls. It is funded through transfers from the General Fund.

The balance in the account at the end of each fiscal year should equal 7.5 percent of the next year's General Fund Appropriations. If the balance does not equal the 7.5 percent, 50 percent of the excess of the unencumbered cash balance of the General Fund at the close of the year is transferred to this account until the 7.5 percent is reached. Any amount of the 50 percent of the excess not necessary to be transferred to this account is transferred to the Education Enhancement Fund. In fiscal year 2001, for fiscal year 2000, \$14,365,000 was transferred to the Working Cash-Stabilization Reserve Account, and \$4,097,000 was transferred to the Education Enhancement Fund.

Enterprise Operations

The state's enterprise operations include the Veterans' Home Purchase Board. This agency provides home mortgage loans to qualified Mississippi veterans. During the year, \$21,360,000 of new mortgage loans were issued. Total loans generated \$6,573,000 of interest revenue in fiscal year 2000 that will in turn be used to further expand the program. The enterprise operations generated net income of \$14,168,000 during fiscal year 2000. Current enterprise operations generated a revenue to debt service coverage of .80 which meets all bond indenture requirements.

Pension Trust Fund Operations

The Public Employees' Retirement System of Mississippi (System) administers four defined benefit pension trust funds. The Public Employees' Retirement System (PERS) covers substantially all employees of the state and its political subdivisions. Uniformed officers of the Department of Public Safety participate in the Mississippi Highway Safety Patrol Retirement System (MHSPRS). Elected members of the state legislature and the president of the senate participate in the Supplemental Legislative Retirement Plan (SLRP) in addition to participating in PERS. Separate municipal retirement and fire and police disability and relief systems participate in the Municipal Retirement Systems (MRS). Further information on the state's participation in the retirement systems can be found in Note 17 to the financial statements.

Debt Administration

The State Bond Commission, composed of the governor, state attorney general and state treasurer, approves and authorizes the sale and issuance of state bonds in accordance with authorizing legislation and within the defined constitutional debt limit. The total outstanding general obligation bonded indebtedness of governmental fund types for the state as of June 30, 2000 was \$2,014,076,000. Mississippi has a rating of "AA" from both Standard & Poor's Rating Group, a division of the The McGraw Hill Companies, and Fitch Investors Service, L. P.

During the fiscal year ended June 30, 2000, the State Bond Commission issued \$240,400,000 in general obligation bonds. These bond issues include \$17,000,000 under Stennis Space Center, \$21,750,000 under Mississippi Major Economic Impact Act, \$7,000,000 under the Economic Development Highway Act, \$16,600,000 under the Mississippi Small Enterprise Development Finance Act, \$5,000,000 under the Local Government Capital Improvement Revolving Loan and \$173,050,000 of Capital Improvement Bonds. Subsequent to June 30, 2000, the state issued \$373,145,000 of general obligation bonds and notes.

At June 30, 2000, 26 percent of the \$7,627,217,000 bonded indebtedness ceiling established by the state constitution was outstanding. Current practice restricts revenues included in the foregoing debt limitation computation to the following governmental fund revenues: taxes, licenses, fees and permits, investment income,

rental income, service charges including net income from the Alcoholic Beverage Control Division and fines, forfeitures and penalties. The state's net general obligation debt per capita is \$690.

Cash Management

It is the duty of the state treasurer and the executive director of the Department of Finance and Administration to analyze for cash flow needs and investment purposes the amount of cash in the state General Fund and in the special funds credited to any special purpose designated by the Legislature. The state treasurer deposits available funds with official depositories of the state. In addition, the Public Employees' Retirement System and a small number of other state agencies carry out investment activities separate from the state treasurer. Of \$21,497,440,000 in investments at June 30, 2000, \$19,076,894,000 are classified into categories of credit risk. Of the \$19,076,894,000, \$16,812,315,000 were held by the state's agent in the state's name.

The state's available resources invested in Mississippi bank certificates of deposits and repurchase agreements earn interest at rates that approximate the U.S. Treasury Bill discount rate for those with comparable maturities. During fiscal year 2000, the average rate on the three month U.S. Treasury Bill was 5.27 percent, with a twelve month high of 5.92 percent and a twelve month low of 4.60 percent. The pension trust fund's total portfolio of stocks and bonds had an 8.4 percent total rate of return for fiscal year 2000. The median rate of return for state retirement plans according to Callan Associates Plan Sponsor - Large Funds for the 12 months ended June 30, 2000 was 9.8 percent. The primary government earned interest and dividend income of \$723,133,000 on all investments for the year ended June 30, 2000.

Risk Management

The State has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the state are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits.

To assure that health and life benefits are distributed to the participants in an efficient and responsible manner, the state incorporates various methods of loss control such as code review, certification of medical necessity, case management and audits of claims administrators to assure claims are adjudicated in accordance with the outlined benefits.

The state has elected to manage tort claims through the retention of all liability exposure. The statutory approach provides some protection, as well as a limitation of liability. The Tort Claims Act sets limits of liability per occurrence at \$250,000 from July 1, 1997 to July 1, 2001 and at \$500,000 on or after July 1, 2001. An effective loss control program is being implemented in most state agencies to reduce the number and severity of tort claims made against the state.

To aid in the management of risk for workers' compensation benefits, the state, through the Mississippi State Agencies Self-Insured Workers' Compensation Trust (Trust), has established an effective loss control program to reduce the number and severity of job related injuries. Through the use of contractually established performance criteria for the claims administrator and by converting to agency rates/premiums based on the agency's ultimate loss, the Trust has encouraged better risk management at both the claims administrator and the agency level.

Further information about risk management can be found in Note 19 to the financial statements.

Other Information

Pursuant to Section 7-7-211(d), Mississippi Code Annotated (1972), the state auditor has performed an examination, in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, of the state's general purpose financial statements. His unqualified opinion is presented as the first page of the financial section of this report. Also, as required by federal law, the state auditor has undertaken a single audit of the state as a whole, which will include a report on compliance and internal control over compliance on all federal funds expended by state government. This report, along with the report on compliance and internal control over financial reporting, will be published separately.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Mississippi for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report with contents that conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Mississippi has received a Certificate of Achievement for the past thirteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Preparation of this report was made possible by the dedicated services of the staff of the Department of Finance and Administration with the cooperation and support of the Office of the State Auditor and the various agency heads and employees who assisted and contributed to its preparation.

Respectfully yours,

A handwritten signature in black ink that reads "Gary Anderson". The signature is written in a cursive style with a long, sweeping underline.

Gary Anderson



Officials of State Government

Executive Branch

Governor
Ronnie Musgrove

Lieutenant Governor
Amy Tuck

Secretary of State
Eric Clark

State Auditor
Phil Bryant

State Treasurer
Marshall Bennett

Attorney General
Mike Moore

Commissioner of Agriculture and Commerce
Lester Spell

Commissioner of Insurance
George Dale

Transportation Commissioners
Richard (Dick) Hall
Wayne Brown
Zack Stewart

Public Service Commissioners
Nielsen Cochran
Dorlos (Bo) Robinson
Michael Callahan

State Fiscal Officer
Gary Anderson

Legislative Branch

Speaker of the House of Representatives
Tim Ford

**Speaker Pro Tempore
of the House of Representatives**
Robert Clark

President Pro Tempore of the Senate
Travis L. Little

Secretary of Senate
George P. Smith

Clerk of the House of Representatives
Felix Edwin (Ed) Perry

Legislative Budget Office
Lee Lindell, Director

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review**
Max Arinder, Director

Judicial Branch

Supreme Court of Mississippi

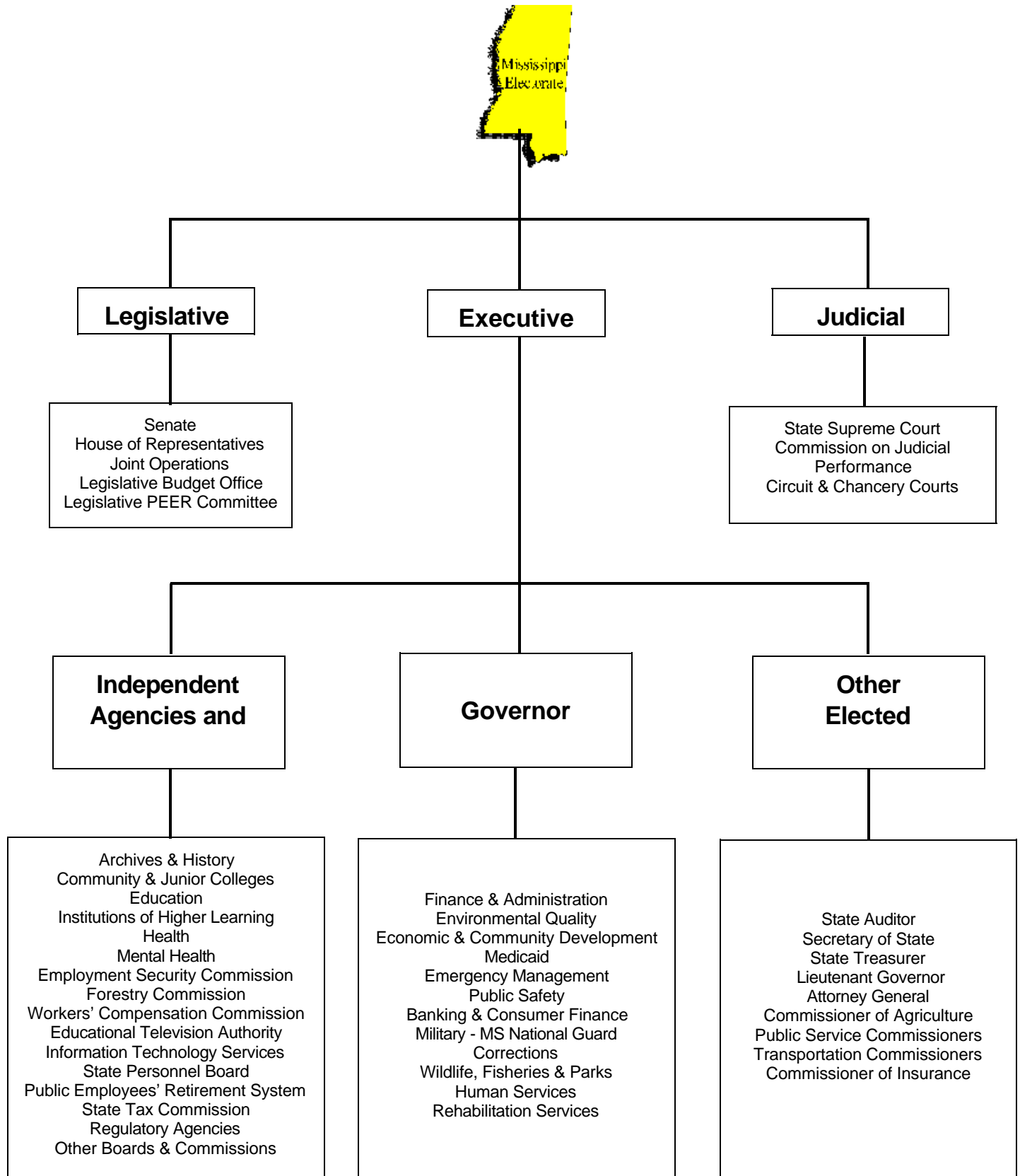
Chief Justice
Lenore L. Prather

Presiding Justices
Fred L. Banks, Jr.
Edwin Pittman

Justices
C. R. (Chuck) McRae
James W. Smith, Jr.
Michael P. Mills
William L. Waller, Jr.
Kay B. Cobb
Oliver E. Diaz, Jr.

Clerk of the Supreme Court
Charlotte Williams

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director



State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited the accompanying general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2000, as listed in the table of contents. The general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based upon our audit. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain expendable trust and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 45% and 35% of the assets and revenues, respectively, of the expendable trust funds; and 47% and 55% of the assets and revenues, respectively, of the enterprise funds. These financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, and these expendable trust and enterprise funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Mississippi as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and certain component units, changes in plan net assets of its pension trust funds and the related schedule of funding progress, and the changes in fund balances and current fund revenues, expenditures and other changes of the university funds for the year then ended in conformity with generally accepted accounting principles.

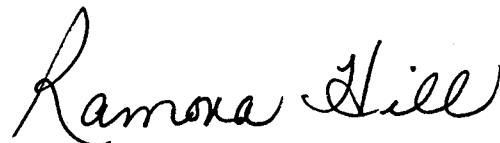
In accordance with *Government Auditing Standards*, our report dated December 4, 2000, on our consideration of the state's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants will be issued under separate cover in our *Single Audit Report* in March, 2001. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and related schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the State of Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical and economic data listed in the table of contents were not audited by us, and accordingly, we do not express an opinion thereon.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 4, 2000



General Purpose Financial Statements



All Fund Types, Account Groups And Discretely Presented Component Units

Combined Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Equity in internal investment pool	\$ 1,122,617	\$ 120,614	\$ 9,812	\$ 57,892
Cash and cash equivalents	120,206	20,933		
Amount on deposit with U.S. Treasury				
Investments	466,495	488,601	22,411	299,104
Receivables, net	506,774	5,860	1,077	1,986
Due from other governments	605,006	36,118		
Due from other funds	11,567	16,807	2,073	7,058
Due from component units	3,956			
Due from primary government				
Inventories	62,517	1,502		
Prepaid items				
Loans and notes receivable, net	192,046	524		
Loans to other funds				
Restricted Assets:				
Equity in internal investment pool				
Cash and cash equivalents				
Investments				
Interest receivable, net				
Property, plant and equipment, net of depreciation where applicable				
Deferred charges and other assets	7,407			
Amount available, designated for debt service				
Amount to be provided for retirement of general long-term debt				
Total Assets and Other Debits	\$ 3,098,591	\$ 690,959	\$ 35,373	\$ 366,040
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Warrants payable	\$ 127,117	\$ 16,054	\$ 1	\$ 3,098
Accounts payable and accruals	320,457	8,171		
Contracts payable	91,089			27,922
Income tax refunds payable	141,000			
Due to other governments	193,000	4,386		
Due to other funds	34,028	4,996	3,745	
Due to component units	27,044	257		
Due to primary government				
Customer deposits				
Claims liability				
Amounts held in custody for others				
Obligations under securities lending				
Deferred revenues	101,310	10,361		
Loans from other funds		21		
Tuition benefits payable				
Liabilities payable from restricted assets				
General obligation bonds				
Limited obligation bonds				
Revenue bonds and notes payable				
Lease obligations payable				
Other liabilities		260		
Total Liabilities	1,035,045	44,506	3,746	31,020
Fund Equity and Other Credits:				
Investment in fixed assets				
Contributed capital				
Retained earnings:				
Reserved				
Unreserved				
Fund balances:				
Reserved	601,900	21,198		
Unreserved:				
Designated	1,093,034	517,439	31,627	335,020
Undesignated	368,612	107,816		
Total Fund Equity (Deficit) and Other Credits	2,063,546	646,453	31,627	335,020
Total Liabilities, Fund Equity and Other Credits	\$ 3,098,591	\$ 690,959	\$ 35,373	\$ 366,040

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) Reporting Entity
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations			
\$ 13,038	\$ 23,865	\$ 15,243	\$	\$	\$ 1,363,081	\$ 16,971	\$ 1,380,052
11,448	713	245,222			398,522	288,869	687,391
		694,889			694,889		694,889
90,704	71,686	19,078,457			20,517,458	242,142	20,759,600
3,932	325	425,140			945,094	142,410	1,087,504
121	60	1,246			642,551	311	642,862
870	2,433	18,430			59,238	60,467	119,705
	102				4,058		4,058
						27,301	27,301
1,008		34			65,061	19,941	85,002
108					108	8,994	9,102
111,251					303,821	89,269	393,090
		21			21		21
1,406					1,406		1,406
647					647	1,710	2,357
35,202					35,202	8,667	43,869
8					8		8
114,503	7,744	3,944	1,976,115		2,102,306	2,004,648	4,106,954
					7,407	6,224	13,631
				95,068	95,068	464	95,532
				2,325,893	2,325,893	3,093	2,328,986
\$ 384,246	\$ 106,928	\$ 20,482,626	\$ 1,976,115	\$ 2,420,961	\$ 29,561,839	\$ 2,921,481	\$ 32,483,320
\$ 993	\$ 1,047	\$ 2,761	\$	\$	\$ 151,071	\$ 4,551	\$ 155,622
3,753	3,778	477,795			813,954	134,836	948,790
806					119,817		119,817
					141,000		141,000
11,853		10,587			219,826		219,826
588	189	15,692			59,238	60,467	119,705
					27,301		27,301
						4,058	4,058
880					880		880
	115,778				115,778		115,778
		13,920			13,920	2,382	16,302
		1,811,112			1,811,112		1,811,112
271	1,719	1,625			115,286	31,888	147,174
					21		21
62,844					62,844		62,844
897					897	437	1,334
63,617				2,014,076	2,077,693		2,077,693
				182,905	182,905		182,905
775					775	197,890	198,665
230	635			122,434	123,299	29,715	153,014
30				101,546	101,836	35,289	137,125
147,537	123,146	2,333,492		2,420,961	6,139,453	501,513	6,640,966
			1,976,115		1,976,115	1,739,485	3,715,600
36,268					36,268	31,043	67,311
459					459	7,000	7,459
199,982	(16,218)				183,764	32,239	216,003
		18,147,618			18,770,716	250,260	19,020,976
					1,977,120	151,131	2,128,251
		1,516			477,944	208,810	686,754
236,709	(16,218)	18,149,134	1,976,115		23,422,386	2,419,968	25,842,354
\$ 384,246	\$ 106,928	\$ 20,482,626	\$ 1,976,115	\$ 2,420,961	\$ 29,561,839	\$ 2,921,481	\$ 32,483,320



All Governmental Fund Types, Expendable Trust Funds And Discretely Presented Component Units

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 4,422,750	\$ 8,800		\$
Licenses, fees and permits	310,922	60,058		
Federal government	2,873,321	224,692		
Participant contributions				
Interest and other investment income, net	112,648	38,430	5,904	18,817
Charges for sales and services	250,910	6,066		
Rentals	7,858	5,038		
Court assessments and settlements		199,792		
Other	222,145	11,038		8,238
Total Revenues	8,200,554	553,914	5,904	27,055
Expenditures:				
Current:				
General government	1,034,840			
Education	2,201,674			22,384
Health and social services	3,040,741	97,983		
Law, justice and public safety	395,533	75,911		
Recreation and resources development	196,047	138,619		
Regulation of business and professions		27,864		
Transportation	881,051			
Debt service:				
Principal	99,971	421	35,094	
Interest and other fiscal charges	97,262	41	30,196	96
Defeasance of debt			1,201	
Capital outlay				110,072
Total Expenditures	7,947,119	340,839	66,491	132,552
Excess of Revenues over (under) Expenditures	253,435	213,075	(60,587)	(105,497)
Other Financing Sources (Uses):				
Proceeds from bonds and notes	62,474			185,579
Proceeds from capital leases	1,564			
Operating transfers in	65,005	34,573	65,412	23,147
Operating transfers out	(139,337)	(30,514)	(2,665)	(24,450)
Operating transfers from component units	851			6,693
Operating transfers to component units	(636,762)	(3,576)		(74,803)
Operating transfers from primary government				
Net Other Financing Sources (Uses)	(646,205)	483	62,747	116,166
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(392,770)	213,558	2,160	10,669
Net loss from proprietary operations				
Fund Balances July 1, as restated	2,454,945	432,792	29,467	324,351
Increase in Reserve for Inventories	1,371	103		
Fund Balances June 30	\$ 2,063,546	\$ 646,453	\$ 31,627	\$ 335,020

The accompanying notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type		Totals (Memorandum Only) Primary Government		Component Units	Totals (Memorandum Only) Reporting Entity	
Expendable Trust						
\$	120,541	\$	4,552,091	\$	\$	4,552,091
			370,980	1,165		372,145
	2,386		3,100,399	720		3,101,119
	47,054		47,054			47,054
	84,690		260,489	421		260,910
			256,976	126		257,102
			12,896	2,696		15,592
			199,792			199,792
	9		241,430	4,840		246,270
	254,680		9,042,107	9,968		9,052,075
	20,145		1,054,985			1,054,985
			2,224,058			2,224,058
	115,720		3,254,444			3,254,444
			471,444			471,444
			334,666	9,603		344,269
			27,864			27,864
			881,051			881,051
			135,486	372		135,858
			127,595	213		127,808
			1,201			1,201
			110,072			110,072
	135,865		8,622,866	10,188		8,633,054
	118,815		419,241	(220)		419,021
			248,053			248,053
			1,564			1,564
			188,137			188,137
			(196,966)			(196,966)
			7,544			7,544
			(715,141)			(715,141)
				4,878		4,878
			(466,809)	4,878		(461,931)
	118,815		(47,568)	4,658		(42,910)
				(42)		(42)
	1,221,718		4,463,273	10,689		4,473,962
			1,474			1,474
\$	1,340,533	\$	4,417,179	\$	\$	4,432,484



All Budgetary Funds

Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis)

For the Year Ended June 30, 2000 (Expressed in Thousands)

	General Fund			Education
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:				
Sales tax	\$ 1,374,500	\$ 1,371,104	\$ (3,396)	\$ 175,900
Individual income tax	1,049,700	1,005,035	(44,665)	
Corporate income and franchise taxes	307,000	295,735	(11,265)	
Use and wholesale compensating taxes	177,600	158,938	(18,662)	17,000
Tobacco, beer and wine taxes	87,800	87,186	(614)	
Insurance tax	101,400	101,872	472	
Oil and gas severance taxes	8,300	15,000	6,700	
Alcoholic Beverage Control excise and privilege taxes and net profit on sale of alcoholic beverages	40,500	42,385	1,885	
Inheritance tax	15,000	21,960	6,960	
Other taxes	16,300	17,389	1,089	
Interest	38,000	41,226	3,226	
Auto privilege, tag and title fees	13,500	14,132	632	
Gaming fees	149,900	158,228	8,328	
Highway Safety Patrol fees	21,100	20,805	(295)	
Other fees and services	10,100	10,162	62	
Miscellaneous	3,000	2,724	(276)	
Special Fund revenues				
Total Revenues	3,413,700	3,363,881	(49,819)	192,900
Expenditures by Major Budgetary Function:				
Legislative	21,569	20,324	1,245	
Judicial and justice	46,672	45,883	789	
Executive and administrative	3,736	3,690	46	
Fiscal affairs	76,844	76,752	92	
Public education	1,368,117	1,366,586	1,531	199,663
Higher education	634,756	634,120	636	133,534
Public health	43,467	42,443	1,024	
Hospitals and hospital schools	215,536	215,536		
Agriculture, commerce and economic development	110,865	110,542	323	7,938
Conservation and recreation	70,011	69,908	103	575
Insurance and banking	57	52	5	
Corrections	245,110	244,671	439	
Interdepartmental service				
Social welfare	300,799	300,782	17	
Public protection and veterans assistance	80,901	77,474	3,427	2,087
Local assistance	78,712	78,343	369	
Motor vehicle and other regulatory agencies	1,060	1,060		
Miscellaneous	1,780	1,780		450
Public works	10,941	10,941		805
Debt service	158,815	156,167	2,648	
Total Expenditures	3,469,748	3,457,054	12,694	345,052
Excess of Revenues over (under) Expenditures	(56,048)	(93,173)	(37,125)	(152,152)
Other Financing Sources (Uses):				
Operating transfers in	8,200	8,913	713	
Transfers in (out) of general fund cash balance		(18,462)	(18,462)	
Investments sold, net				
Other sources (uses) of cash		129	129	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(47,848)	(102,593)	(54,745)	(152,152)
Budgetary Fund Balances July 1	123,830	123,830		
Budgetary Fund Balances (Deficits) June 30	\$ 75,982	\$ 21,237	\$ (54,745)	\$ (152,152)

The accompanying notes to the financial statements are an integral part of this statement.

Enhancement Fund			Special Fund			Totals (Memorandum Only)		
Actual	Variance Favorable (Unfavorable)		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 182,239	\$ 6,339		\$	\$	\$	\$ 1,550,400	\$ 1,553,343	\$ 2,943
						1,049,700	1,005,035	(44,665)
						307,000	295,735	(11,265)
17,617	617					194,600	176,555	(18,045)
						87,800	87,186	(614)
						101,400	101,872	472
						8,300	15,000	6,700
						40,500	42,385	1,885
						15,000	21,960	6,960
						16,300	17,389	1,089
2,131	2,131					38,000	43,357	5,357
						13,500	14,132	632
						149,900	158,228	8,328
						21,100	20,805	(295)
						10,100	10,162	62
11	11					3,000	2,735	(265)
			5,598,345	4,855,227	(743,118)	5,598,345	4,855,227	(743,118)
201,998	9,098		5,598,345	4,855,227	(743,118)	9,204,945	8,421,106	(783,839)
			173	168	5	21,742	20,492	1,250
			31,822	21,386	10,436	78,494	67,269	11,225
			8,095	6,736	1,359	11,831	10,426	1,405
			39,153	32,269	6,884	115,997	109,021	6,976
198,712	951		657,502	528,321	129,181	2,225,282	2,093,619	131,663
132,679	855		15,071	12,464	2,607	783,361	779,263	4,098
			194,196	163,250	30,946	237,663	205,693	31,970
			239,280	216,524	22,756	454,816	432,060	22,756
7,938			133,307	107,510	25,797	252,110	225,990	26,120
115	460		176,405	117,245	59,160	246,991	187,268	59,723
			31,229	26,526	4,703	31,286	26,578	4,708
			24,610	18,247	6,363	269,720	262,918	6,802
			37,050	29,554	7,496	37,050	29,554	7,496
			2,561,304	2,303,776	257,528	2,862,103	2,604,558	257,545
2,087			231,468	139,053	92,415	314,456	218,614	95,842
						78,712	78,343	369
			20,875	18,535	2,340	21,935	19,595	2,340
450			2,193	1,408	785	4,423	3,638	785
805			1,123,039	973,341	149,698	1,134,785	985,087	149,698
			71,573	69,784	1,789	230,388	225,951	4,437
342,786	2,266		5,598,345	4,786,097	812,248	9,413,145	8,585,937	827,208
(140,788)	11,364			69,130	69,130	(208,200)	(164,831)	43,369
2,087	2,087					8,200	11,000	2,800
4,097	4,097						(14,365)	(14,365)
				9,447	9,447		9,447	
(5,211)	(5,211)						(5,082)	(5,082)
(139,815)	12,337			78,577	78,577	(200,000)	(163,831)	36,169
178,834	178,834			707,427	707,427	123,830	1,010,091	886,261
\$ 39,019	\$ 191,171	\$	\$	786,004	786,004	\$ (76,170)	\$ 846,260	\$ 922,430



All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances For the Year Ended June 30, 2000 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for sales and services	\$ 41,838	\$ 390,366	\$
Interest and other investment income, net	8,024		1,610
Rentals	1,248		
Fees	345		620
Oil and gas royalties and taxes			2,713
Other	520	2	14
Total Operating Revenues	51,975	390,368	4,957
Operating Expenses:			
Costs of sales and services	16,150		
Benefit payments	461	361,268	
Excess of present value of related benefits payable over tuition receipts	3,371		
Administrative expenses	24,681	50,121	100
Depreciation and amortization	4,873	1,948	
Other	101		
Total Operating Expenses	49,637	413,337	100
Operating Income (Loss)	2,338	(22,969)	4,857
Nonoperating Revenues	5,145	4,320	
Nonoperating Expenses	(3,438)	(97)	
Income (Loss) Before Operating Transfers	4,045	(18,746)	4,857
Operating Transfers In	11,610	208	
Operating Transfers Out	(1,487)		(1,502)
Operating Transfers to Primary Government			
Net Income (Loss)	14,168	(18,538)	3,355
Add Depreciation on Contributed Assets	469		
Increase (Decrease) in Retained Earnings/Fund Balances	14,637	(18,538)	3,355
Retained Earnings/Fund Balances July 1, as restated	185,804	2,320	30,868
Retained Earnings (Deficit)/Fund Balances June 30	\$ 200,441	\$ (16,218)	\$ 34,223

The accompanying notes to the financial statements are an integral part of this statement.

Totals (Memorandum Only) Primary Government		Component Units	Totals (Memorandum Only) Reporting Entity		
\$	432,204	\$	8,724	\$	440,928
	9,634				9,634
	1,248				1,248
	965	1,168			2,133
	2,713				2,713
	536	9			545
	447,300	9,901			457,201
	16,150	1,942			18,092
	361,729				361,729
	3,371				3,371
	74,902	7,525			82,427
	6,821	1,191			8,012
	101				101
	463,074	10,658			473,732
	(15,774)	(757)			(16,531)
	9,465	1,550			11,015
	(3,535)	(9)			(3,544)
	(9,844)	784			(9,060)
	11,818				11,818
	(2,989)				(2,989)
		(3)			(3)
	(1,015)	781			(234)
	469				469
	(546)	781			235
	218,992	34,145			253,137
\$	218,446	\$	34,926	\$	253,372

All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Cash Flows from Operating Activities:			
Cash receipts/premiums from quasi-external operating transactions with other funds	\$	\$ 147,533	\$
Cash receipts/premiums from customers	56,343	243,617	
Cash payments to suppliers for goods and services	(26,873)	(45,927)	(103)
Cash payments to employees for services	(13,022)	(11,204)	
Cash payments for tuition	(461)		
Cash payments for benefits		(348,672)	
Other operating cash receipts	483	2	3,328
Other operating cash payments			
Income received on tuition receipts	3,283		
Principal and interest received on program loans	16,375		
Issuance of program loans	(21,360)		
Net Cash Provided by (Used for) Operating Activities	14,768	(14,651)	3,225
Cash Flows from Noncapital Financing Activities:			
Operating transfers in	11,500	548	
Operating transfers out	(1,612)		(1,287)
Loans from other funds	(754)		
Revenues from counties	935		
Net Cash Provided by (Used for) Noncapital Financing Activities	10,069	548	(1,287)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(12,476)	(730)	
Proceeds from sale of capital assets	5		
Proceeds from insurance settlement			
Principal paid on bonds and equipment contracts	(5,051)	(856)	
Interest paid on bonds and equipment contracts	(3,450)	(49)	
Net Cash Used for Capital and Related Financing Activities	(20,972)	(1,635)	
Cash Flows from Investing Activities:			
Proceeds from the sale of investments	81,256	44,968	7,983
Purchases of investments	(95,354)	(40,661)	(8,494)
Interest and other investment income	4,226	5,130	1,742
Net Cash Provided by (Used for) Investing Activities	(9,872)	9,437	1,231
Net Increase (Decrease) in Cash and Cash Equivalents	(6,007)	(6,301)	3,169
Cash and Cash Equivalents July 1, as restated	32,546	30,879	2,216
Cash and Cash Equivalents June 30	\$ 26,539	\$ 24,578	\$ 5,385
Reconciliation of Cash and Cash equivalents to the balance sheet:			
Equity in internal investment pool	\$ 13,038	\$ 23,865	\$ 15,243
Cash and cash equivalents	11,448	713	245,222
Restricted equity in internal investment pool	1,406		
Restricted cash and cash equivalents	647		
Expendable trust, pension trust, agency and non-proprietary component units			(255,080)
Cash and Cash Equivalents, June 30, 2000	\$ 26,539	\$ 24,578	\$ 5,385

Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
\$	\$	\$
147,533		147,533
299,960	10,038	309,998
(72,903)	(5,978)	(78,881)
(24,226)	(3,526)	(27,752)
(461)		(461)
(348,672)		(348,672)
3,813	9	3,822
	(236)	(236)
3,283		3,283
16,375		16,375
(21,360)		(21,360)
3,342	307	3,649
12,048		12,048
(2,899)		(2,899)
(754)		(754)
935		935
9,330		9,330
(13,206)	(1,385)	(14,591)
5		5
	301	301
(5,907)		(5,907)
(3,499)		(3,499)
(22,607)	(1,084)	(23,691)
134,207	19,398	153,605
(144,509)	(20,034)	(164,543)
11,098	1,225	12,323
796	589	1,385
(9,139)	(188)	(9,327)
65,641	2,857	68,498
\$ 56,502	\$ 2,669	\$ 59,171
\$ 52,146	\$ 16,971	\$ 69,117
257,383	288,869	546,252
1,406		1,406
647	1,710	2,357
(255,080)	(304,881)	(559,961)
\$ 56,502	\$ 2,669	\$ 59,171

(Continued on Next Page)

All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units

Combined Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

(Continued from Previous Page)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 2,338	\$ (22,969)	\$ 4,857
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Interest and other investment income			(1,742)
Depreciation	4,873	1,948	
Net depreciation in fair value of investments	1,776		215
Changes in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	137	9	
Interest receivable	(182)		(83)
Due from other governments	(14)	(19)	
Interfund receivables	(447)	243	(19)
Inventories	(152)		
Prepaid items	5		
Loans and notes receivable, net	(11,679)		
Increase (decrease) in liabilities			
Warrants payable	161	(6,610)	(4)
Accounts payable and accruals	1,167	(277)	1
Due to other governments	(89)		
Interfund payables	312	(130)	
Tuition benefits payable	16,562		
Claims liability		12,609	
Deferred revenue		545	
Other liabilities			
Total Adjustments	12,430	8,318	(1,632)
Net Cash Provided by (Used for) Operating Activities	\$ 14,768	\$ (14,651)	\$ 3,225

Noncash Capital and Related Financing and Investing Activities:

The enterprise fund received donated machinery and equipment of \$56,000. The enterprise fund refinanced a capital lease agreement for an additional \$3,000. At June 30, 2000, the enterprise fund's investments are reported at fair value, creating a noncash investment loss of \$1,776,000.

The internal service fund entered into a \$446,000 capital lease agreement. Payments on the new lease included principal payments of \$55,000 and interest payments of \$6,000. The internal service fund received donated machinery and equipment of \$3,000. At June 30, 2000, the internal service fund's investments are reported at fair value, creating a noncash investment loss of \$327,000.

At June 30, 2000, the nonexpendable trust fund's investments are reported at fair value, creating a noncash investment loss of \$215,000.

The component units' contributed capital increased as a result of the receipt of \$35,000 of fixed assets from another government.

The accompanying notes to the financial statements are an integral part of this statement.

Totals (Memorandum Only)		Totals (Memorandum Only)
Primary Government	Component Units	Reporting Entity
<hr/>		
\$ (15,774)	\$ (757)	\$ (16,531)
<hr/>		
(1,742)		(1,742)
6,821	1,191	8,012
1,991		1,991
<hr/>		
146	223	369
(265)		(265)
(33)		(33)
(223)	76	(147)
(152)	(386)	(538)
5	18	23
(11,679)		(11,679)
<hr/>		
(6,453)		(6,453)
891	178	1,069
(89)		(89)
182		182
16,562		16,562
12,609		12,609
545		545
	(236)	(236)
19,116	1,064	20,180
<hr/>		
\$ 3,342	\$ 307	\$ 3,649
<hr/>		



Pension Trust Funds

Statement of Changes In Plan Net Assets

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems
Additions:			
Contributions:			
Employer	\$ 407,595	\$ 5,649	\$ 13,560
Employee	301,885	1,404	934
Total Contributions	709,480	7,053	14,494
Net Investment Income:			
Net appreciation			
in fair value of investments	792,044	13,134	14,179
Interest and dividends	447,256	7,366	7,952
Securities Lending:			
Income from securities lending	115,926	1,922	2,075
Interest expense and trading			
costs from securities lending	(108,562)	(1,800)	(1,943)
Managers' fees and trading costs	(21,949)	(364)	(393)
Net Investment Income	1,224,715	20,258	21,870
Other Revenues:			
Rent income	95		
Administrative fees	509		
Other	10		
Total Other Revenues	614		
Total Additions	1,934,809	27,311	36,364
Deductions:			
Retirement annuities	612,644	13,886	28,648
Refunds to terminated employees	58,817	93	1
Total	671,461	13,979	28,649
Administrative expenses:			
Personal services:			
Salaries, wages and fringe benefits	4,522		
Travel	74		
Contractual services	2,816	113	388
Commodities	284		
Total Administrative Expenses	7,696	113	388
Depreciation	563		
Total Deductions	679,720	14,092	29,037
Net Increase in Plan Net Assets	1,255,089	13,219	7,327
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year	14,955,624	253,699	280,531
End of Year	\$ 16,210,713	\$ 266,918	\$ 287,858

The accompanying notes to the financial statements are an integral part of this statement.

Supplemental Legislative Retirement Plan		Totals
\$	411	\$ 427,215
	138	304,361
	549	731,576
	437	819,794
	245	462,819
	64	119,987
	(60)	(112,365)
	(12)	(22,718)
	674	1,267,517
		95
		509
		10
		614
	1,223	1,999,707
	262	655,440
	11	58,922
	273	714,362
		4,522
		74
	8	3,325
		284
	8	8,205
		563
	281	723,130
	942	1,276,577
	7,947	15,497,801
\$	8,889	\$ 16,774,378



University Funds

Statement of Changes in Fund Balances Component Unit

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Current Funds			Endowment and Similar
	Unrestricted	Restricted	Loan	
Revenues and Other Additions:				
Tuition and fees	\$ 221,757	\$ 113	\$	\$
Federal appropriations, grants and contracts	17,865	223,170	890	497
State grants and contracts	158	42,286	1,781	
Local appropriations, grants and contracts	3,479	1,397		
Private gifts, grants and contracts	15,586	46,616	1,191	3,495
Endowment income	227	2,150	20	
Investment income	12,132	53	115	4,814
Interest on loans receivable			1,698	
Federal advances			449	
Proceeds from bonds and notes				
Additions to plant facilities				
Retirement of indebtedness				
Sales and services of educational activities	32,737	703		
Sales and services of auxiliary activities	135,722			
Sales and services of hospitals	250,479			
Independent operations	182			
Other	53,694	647	2,017	38
Total Revenues and Other Additions	744,018	317,135	8,161	8,844
Expenditures and Other Deductions:				
Educational and general	839,791	319,107	8,442	
Auxiliary enterprises	133,016	480		
Hospital	285,345			
Independent operations	1,819			
Administrative and indirect costs recovered		19,659	360	
Refunds to grantors		25	129	
Loan cancellations and write-offs			1,440	
Collection costs			63	
Expended for plant facilities				
Repairs and maintenance				
Plant assets sold or retired				
Long-term debt incurred				
Retirement of indebtedness				
Interest on indebtedness				
Change in provision for uncollectible accounts	1,165		558	
Other	17,535	2,691	447	104
Total Expenditures and Other Deductions	1,278,671	341,962	11,439	104
University Funds Interfund Transfers In (Out):				
Mandatory:				
Principal and interest	(21,695)	(194)		
Restricted fund matching	(9,588)	9,945	16	(378)
Loan fund matching	(424)	(1)	433	(8)
Renewals and replacements	(215)			
Nonmandatory:				
Building projects	(25,302)	1,486		(17)
Other	(9,217)	(680)	302	(1,048)
Total University Funds Interfund Transfers In (Out)	(66,441)	10,556	751	(1,451)
Operating Transfers from Primary Government	609,201	19,880	8,878	
Operating Transfers to Primary Government	(848)			
Net Increase (Decrease) in Fund Balances	7,259	5,609	6,351	7,289
Fund Balances July 1, as restated	232,266	28,375	93,373	68,795
Fund Balances June 30	\$ 239,525	\$ 33,984	\$ 99,724	\$ 76,084

The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds				Totals (Memorandum Only)
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	
\$ 486 8,620		\$ 715	\$	223,071
				251,042
				44,225
5				4,881
3,752		1,267		71,907
7	16			2,420
471	1,595	354		19,534
				1,698
				449
20,105				20,105
			175,557	175,557
			15,760	15,760
372	7			33,819
				135,722
				250,479
				182
3,526	961	14		60,897
37,344	2,579	2,350	191,317	1,311,748
9,263				1,176,603
				133,496
				285,345
				1,819
				20,019
				154
				1,440
				63
110,774	2,406			113,180
23,897	992			24,889
			36,995	36,995
			23,984	23,984
		14,784		14,784
		10,511		10,511
				1,723
651	5	52		21,485
144,585	3,403	25,347	60,979	1,866,490
(1,646)	88	23,447		
5				
	215			
35,122	(11,289)			
5,192	3,725	1,726		
38,673	(7,261)	25,173		
72,304				710,263
(6,693)				(7,541)
(2,957)	(8,085)	2,176	130,338	147,980
99,412	48,368	10,978	1,525,285	2,106,852
\$ 96,455	\$ 40,283	\$ 13,154	\$ 1,655,623	\$ 2,254,832



University Funds

Statement of Current Fund Revenues, Expenditures and Other Changes

Component Unit

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Current Funds		Totals (Memorandum Only)
	Unrestricted	Restricted	
Revenues			
Tuition and fees	\$ 221,757	\$ 113	\$ 221,870
Local appropriations	2,883		2,883
Federal grants and contracts	17,865	215,872	233,737
State grants and contracts	158	42,286	42,444
Local grants and contracts	596	1,397	1,993
Private gifts, grants and contracts	15,586	46,616	62,202
Endowment income	227	2,150	2,377
Investment income	12,132	53	12,185
Sales and services of educational activities	32,737	703	33,440
Sales and services of auxiliary activities	135,722		135,722
Sales and services of hospitals	250,479		250,479
Independent operations	182		182
Other sources	53,694	647	54,341
Total Current Revenues	744,018	309,837	1,053,855
Expenditures and Mandatory Transfers			
Educational and general:			
Instruction	359,047	29,656	388,703
Research	66,312	120,265	186,577
Public service	51,060	32,231	83,291
Academic support	78,774	12,198	90,972
Student services	46,504	2,256	48,760
Institutional support	113,370	17,412	130,782
Operation and maintenance of plant	83,656	17	83,673
Scholarships and fellowships	41,068	105,072	146,140
Educational and General Expenditures	839,791	319,107	1,158,898
Mandatory transfers for:			
Principal and interest	10,194	194	10,388
Restricted fund matching	9,536	(9,945)	(409)
Loan fund matching	424	1	425
Renewals and replacements	27		27
Total Educational and General Expenditures	859,972	309,357	1,169,329
Auxiliary enterprises:			
Expenditures	133,016	480	133,496
Mandatory transfers for:			
Principal and interest	11,501		11,501
Restricted fund matching	52		52
Renewals and replacements	188		188
Total Auxiliary Enterprises	144,757	480	145,237
Hospital operations expenditures	285,345		285,345
Independent operations expenditures	1,819		1,819
Total Expenditures and Mandatory Transfers	1,291,893	309,837	1,601,730
Other Transfers and Additions/(Deductions)			
Excess of restricted receipts over transfers to revenues		7,298	7,298
Operating transfers in from primary government	609,201	19,880	629,081
Operating transfers out to primary government	(848)		(848)
Building support	(25,302)	1,486	(23,816)
Indirect and administrative costs recovered		(19,659)	(19,659)
Refunds to grantors		(25)	(25)
Provision for uncollectible accounts	(1,165)		(1,165)
Provision for accrued leave	(4,201)	(335)	(4,536)
Other	(22,551)	(3,036)	(25,587)
Net Increase (Decrease) in Fund Balances	\$ 7,259	\$ 5,609	\$ 12,868

The accompanying notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

June 30, 2000

Note 1 - Significant Accounting Policies

The significant accounting policies applicable to the state of Mississippi are described below.

- A. Basis of Presentation** - The accompanying financial statements of the state of Mississippi have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The financial statements of the university funds have been prepared in conformity with GAAP as prescribed by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).
- B. Financial Reporting Entity** - For GAAP financial reporting purposes, the state of Mississippi's reporting entity includes all fund types and account groups of the state's various commissions, departments, boards, elected officials, universities, and other organizational units (hereinafter referred to collectively as "agencies"). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government.

As required by GAAP, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units are combined with that of the primary government. The blended component unit is:

Public Employees' Retirement System of Mississippi - The System was created having all the powers and privileges of a public corporation for the purpose of providing pension benefits for public employees of the state and its political subdivisions. The Board of Trustees is composed of the state treasurer, one member appointed by the governor and eight members elected by its members. The administrative expenses are subject to legislative budget controls. Its four pension trust funds, one expendable trust fund and two agency funds are reported as part of the state using the blended component method. The funds were audited by independent auditors for the period ended June 30, 2000, and their report, dated December 1, 2000, has been issued under separate cover. The comprehensive annual financial report may be obtained by writing to Public Employees' Retirement System of Mississippi, Attention: Financial Reporting Department, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS.

Discretely presented component units, which are legally separate from the state, are reported in separate component units columns of the combined financial statements. The component units columns include the financial data of these entities.

Mississippi Business Finance Corporation (Proprietary Fund Type) - This is a public corporation which is an incorporated certified development company. The Mississippi Business Finance Corporation (MBFC) is a legally separate entity. The primary government is not able to impose its will on MBFC and there is not a financial benefit/burden relationship. A large portion of MBFC's current overhead is provided by the state. This includes office space, furniture, equipment and some personnel. Therefore, it would be misleading not to include this entity as a discretely presented component unit.

Mississippi Coast Coliseum Commission (Proprietary Fund Type) - This is a political subdivision of the state. Expenditures are subject to legislative budget approvals. The commission is responsible for establishing, promoting, developing, locating, constructing, maintaining and operating a multi-purpose coliseum and related facilities within Harrison County, Mississippi.

Mississippi Prison Industries (Proprietary Fund Type) - This is a non-profit corporation created and established as a body politic and corporate, to lease and manage the prison industry programs of the Mississippi Correctional Industries. The primary government is not able to impose its will on the corporation. Neither a financial benefit nor burden exists between the primary government and prison industries. However, because prison industries utilizes state inmates for their workforce, leases state property at below market and may receive state appropriations for funding, it would be misleading not to include the corporation as a discretely presented component unit.



Pat Harrison Waterway District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency is charged with the overall responsibility of providing flood relief along the Pascagoula River and its tributaries and to preserve and protect these waters for future generations, for economic enhancement of the area and its industrial growth.

Pearl River Basin Development District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. The agency was created for the purpose of preservation, conservation, storage and regulation of the waters of the Pearl River and its tributaries and their overflow waters for domestic, commercial, municipal, industrial, agricultural and manufacturing purposes, for recreational uses, for flood control, timber development, irrigation, navigation and pollution abatement.

Pearl River Valley Water Supply District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency operates and maintains the Ross Barnett Reservoir and surrounding district lands, to provide water supply, flood reduction, and recreation opportunities.

Tombigbee River Valley Water Management District (Governmental Fund Type) - This agency is a body politic and corporate. Expenditures are subject to legislative budget approval. This agency provides for a plan of conservation, recreation, water control and utilization, agricultural development and industrial and economic advancement within the district.

Universities (University Funds) - The Board of Trustees of State Institutions of Higher Learning (IHL), appointed by the primary government, consists of Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University, the University of Southern Mississippi and the University of Mississippi. IHL is a body politic and corporate. IHL is funded through state appropriations, tuition, federal grants, and private donations and grants.

The discretely presented component units are audited by the Office of the State Auditor or other independent auditors, and their financial statements are issued under separate covers. The audited financial statements are available from each discretely presented component unit.

State officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. These organizations are Mississippi Hospital Equipment and Facilities Authority, Mississippi Home Corporation and Mississippi Industries for the Blind.

- C. Fund Accounting** - The financial activities of the state are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. Account groups are presented for general fixed assets and general long-term obligations.

Funds reported for the primary government and its component units are classified into four categories: governmental, proprietary, fiduciary and university. Each category is further divided into separate "fund types."

In the primary government's financial statements, each category is divided into separate "fund types", which are described along with the two account groups, as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for all or most of a government's general activities, including collection and disbursement of earmarked monies (special revenue funds), acquisition or construction of general fixed assets (capital projects funds), and servicing of general long-term debt (debt service funds). The General Fund is used to account for all general government activities not accounted for in some other fund. Governmental fund types include:

General - Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, general government, education (other than institutions of higher learning), health and social services, public safety, recreation and resources, and



transportation. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service - Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases and compensated absences) are generally accounted for in debt service funds.

Capital Projects - Transactions related to resources obtained and used for acquisition, construction or improvement of major capital facilities are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues and operating transfers from the General Fund.

PROPRIETARY FUND TYPES

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary fund types include:

Enterprise - Enterprise funds account for operations where the intent of the state is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service - Internal service funds account for the operations of state agencies which render services and provide goods to other state agencies or governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. Fiduciary fund types include:

Expendable Trust - Expendable trust funds account for assets held by the state in a trustee capacity where the principal and income may be expended in the course of designated operations.

Nonexpendable Trust - Nonexpendable trust funds account for assets held by the state in a trustee capacity where only income derived from trust principal may be expended in the course of designated operations. Principal must be preserved intact.

Pension Trust - Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the state's public employee retirement systems.

Agency - Agency funds account for various taxes, deposits, and property collected or held by the state, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

ACCOUNT GROUPS

Account groups are accounting entities used to establish control over and accountability for the state's general fixed assets and the unmatured principal of its general long-term obligations. Two account groups are used.

General Fixed Assets - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the state, other than those accounted for in the proprietary, fiduciary and similar trust funds, and discretely presented component units.



General Long-Term Obligations - The general long-term obligations account group accounts for general obligation bonds, limited obligation bonds, compensated absences and other long-term obligations not recorded in proprietary, fiduciary and similar trust funds, and discretely presented component units.

DISCRETELY PRESENTED COMPONENT UNITS

The discretely presented component units include governmental, proprietary and university fund type organizations that are legally separate from the state but are considered part of the reporting entity. Fixed assets and long-term debt for component units are included in the discrete column of the combined balance sheet.

University funds account for the operations of state universities in accordance with existing authoritative accounting and reporting principles applicable to universities. Accordingly, university funds are an aggregation of the following funds:

Current - Current funds account for resources that will be expended for operating purposes. These include unrestricted funds over which university governing boards retain full control in achieving institutional purposes and restricted funds which may be utilized only for purposes designated by a donor or other external organization.

Loan - Loan funds account for transactions of related resources obtained and used for loans to students, staff and faculty.

Endowment - Endowment funds account for resources held by the institutions that must be administered in accordance with trust agreements.

Plant - Plant funds account for resources available for acquisition, renewal and replacement of institutional properties, resources available to service debt incurred to acquire such properties, and the fixed assets acquired or constructed for use by the institutions.

Unexpended - This subgroup is used to account for the unexpended resources derived from various sources to finance the acquisition of university fixed assets and the associated liabilities.

Renewals and Replacements - This subgroup is used to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

Retirement of Indebtedness - This subgroup is used to account for the accumulation of resources for interest and principal payments and other debt service charges, including contributions for sinking funds, relating to plant fund indebtedness.

Investment in Plant - Except for long-lived assets held as investments in endowment and similar funds and their associated liabilities, this subgroup includes all long-lived assets in the service of the institution and all construction in progress (unless carried in the Unexpended Plant Fund or Fund for Renewals and Replacements subgroup until completion of the project), as well as all associated liabilities.

Agency - Agency funds account for amounts held in custody for students, university-related organizations, and others.

- D. Basis of Accounting/Measurement Focus** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus, as described below.

Governmental Fund Types and Expendable Trust and Agency Funds - All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources that are susceptible to accrual include sales taxes, individual income taxes, corporate income taxes and federal grants. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures and related fund liabilities are recognized upon receipt of goods and services.

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Modifications to the accrual basis of accounting include: principal and interest on long-term debt reflected in the general long-term obligations account group are recorded as fund liabilities when due; inventories of materials and supplies are recorded as expenditures at acquisition; obligations for employee personal leave and major medical leave are recorded as expenditures when paid.

Proprietary Fund Types and Nonexpendable and Pension Trust Funds - All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components for proprietary funds, fund balance for nonexpendable trust and net assets for pension trust funds. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by proprietary fund types, nonexpendable trust funds and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. For pension trust funds, employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred.

The state's proprietary and pension trust funds apply all applicable GASB pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

University Funds - The accounts of the university funds in the discretely presented component unit column are reported using the accrual basis of accounting with the following exceptions: depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

- E. Budgetary Accounting** - The state's annual budget is prepared principally on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if presented for payment in the 60-day lapse period immediately following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds are presented on the budgetary basis. A reconciliation of the excess of revenues over (under) expenditures and other financing sources (uses) on a budgetary basis at June 30, 2000 to the excess of revenues over (under) expenditures/expenses and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

Unexpended appropriations at June 30 are available for subsequent expenditure only to the extent that encumbrances have been established and they are presented for payment during the succeeding 60-day lapse period. Lapse period expenditures are reported as expenditures in the current-year budgetary presentation.

- F. Equity in Internal Investment Pool and Cash and Cash Equivalents** - Equity in internal investment pool is cash equity with the Treasurer and consists of pooled demand deposits and investments carried at cost, which approximates fair value. Cash and cash equivalents include bank accounts, petty cash, money market demand accounts, money market mutual funds and certificates of deposit with a maturity date within 90 days of the date acquired by the state. Collateral, as further discussed in Note 4, is pledged by the various banks and investment institutions to guarantee state funds.
- G. Investments** - Investments are recorded at fair value in accordance with GASB statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned.

Investments of the pension trust funds and Government Employees' Deferred Compensation Plan Fund (an expendable trust fund) are stated at fair value except for life insurance contracts, which are stated at cash surrender value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the Public Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair values.

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The Public Employees' Retirement System of Mississippi is authorized to enter into securities lending transactions. These transactions represent loans of securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The assets and liabilities arising from securities lending transactions are reflected separately under the captions Investments and Obligations under securities lending. In accordance with authorized investment laws, the Public Employees' Retirement System also invests in various mortgage-backed securities such as collateralized mortgage obligations, interest-only strips and principal-only strips. These securities are reported at fair value and are included in the categories of U. S. Government securities and agencies and Corporate and international obligations in the Note 4 disclosure.

- H. Receivables** - Receivables in the governmental and fiduciary funds primarily consist of interest and federal revenues, both recorded when earned, taxes that are susceptible to accrual - mainly sales and income taxes and amounts due from other governments. Proprietary fund receivables occur in the ordinary course of business. Trust and agency fund receivables include amounts collectible for investments sold and for accrued interest income as well as contributions payable to pension trust funds which are recognized as revenue in the period in which employee services are performed. The discretely presented university fund receivables include monies due from the federal government, tuition fees and accrued interest income. Receivables are reported net of allowances for uncollectible accounts where applicable.

- I. Interfund Transactions** - The state has the following types of interfund transactions:

Quasi-External Transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements - Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursed fund.

Operating Transfers - Legally authorized transfers are reported as operating transfers. Operating transfers from the General Fund are transfers of appropriated or diverted tax revenues.

The composition of the state's interfund receivables and payables is presented in Note 6.

- J. Inventories** - Inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. Cost of inventories held for use in constructing highways is determined by weighted average methods. Governmental fund type inventories of supplies and materials are recorded as expenditures at acquisition. Inventories of food stamps are recorded at their face value, with a corresponding deferred revenue. Food stamp revenues and expenditures are recorded simultaneously at the time of distribution.
- K. Restricted Assets** - Assets from proceeds of general obligation bonds restricted for use in construction are reported in the primary government's enterprise Port Authority at Gulfport Fund. The component units' restricted assets consist primarily of assets held by the Mississippi Coast Coliseum Commission with use limited to future legislative appropriations.
- L. Property, Plant and Equipment** - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are stated at cost. Donated assets are valued at estimated market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on general fixed assets.

Certain public domain (infrastructure) general fixed assets, principally highways, bridges and rights-of-way, are not capitalized, as these assets are immovable and of value only to the government. Generally, discretely presented university fund infrastructure assets such as streets, sidewalks, lighting systems and curbs are capitalized. Depreciation is not provided on general fixed assets or on university fund fixed assets.

Proprietary and fiduciary fund type property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets ranging from 20 to 50 years for buildings and improvements and 3 to 10 years for machinery and equipment.

- M. Risk Management - Claims Liability** - The state has elected to finance exposures to risk for health and life benefits, tort liability, unemployment benefits and workers' compensation benefits through the retention of risk. The primary government and component units participate in the internal service Risk Management Fund. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.
- N. Accumulated Unpaid Personal Leave and Major Medical Leave** - Mississippi law authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless employees present medical evidence that their physical condition is such that they can no longer work in a capacity of state government.



The state's obligation with respect to governmental and expendable trust funds for accumulated unpaid personal leave, up to the maximum of 30 days per employee, is reported in the accompanying general long-term obligations account group. In the university and in the proprietary and similar trust fund types, this obligation is reported as a liability in the respective funds. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The state uses the last-in, first-out method of recognizing use of compensated absences.

The reported liability for accumulated unpaid personal leave applicable to all fund types includes the related fringe benefits that the state as employer is required to pay when the accrued compensated absences are liquidated.

Accumulated unpaid major medical leave is not accrued, except in university funds, because it is not probable that the compensation will be paid in a lump sum other than in the event of severe illness. However, state law authorizes university funds to make payment for a maximum of 30 days in a lump sum upon termination of employment for nine-month faculty members eligible to receive retirement benefits.

- O. Deferred Revenue** - Deferred revenues arise when a potential revenue does not meet the "available" criterion for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or for food stamps held pending distribution. In subsequent periods, when the revenue recognition criterion is met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
- P. Tuition Benefits Payable** - Tuition benefits payable represents the current and long-term portions of the actuarially determined present value of future tuition obligations in the enterprise Prepaid Affordable College Tuition Fund.
- Q. Fund Equity** - The equity section of the governmental fund balance sheet is comprised of three major fund balance elements: reserved; unreserved, designated; and unreserved, undesignated. The two primary elements of a proprietary fund's equity are contributed capital and retained earnings.

CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from entities outside the primary government.

RESERVATIONS

Reservations are for the following fund types and purposes:

Fund Types

Governmental and Fiduciary - Fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

Proprietary - Reserved retained earnings of the primary government's proprietary funds represent those portions of fund equity that are legally restricted for payment of debt service. The component units' reserved retained earnings represent the portion of fund equity reserved for certain restricted assets.

University - Fund balances of university funds that are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Purposes

Encumbrances - Represents outstanding commitments at year end that will be liquidated in the lapse period.

Inventories - Represents the portion of fund balance reserved for inventories that is not available spendable resources. Food stamps inventory is offset by deferred revenue because the revenue recognition criteria have not been met.

Long-Term Portion of Loans and Notes Receivable - Represents loans and advanced funds under various programs that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans and advances receivable to indicate that it is not available resources for appropriation.



Long-Term Portion of Due From Other Governments - Represents loans to local governments that will be repaid over a number of years. Fund balance has been reserved in an amount equal to the balance of loans receivable to indicate that it is not available resources for appropriation.

Pension Benefits - Represents the portion of fund balance that will be used to provide future retirement benefits to members of the various public employee retirement systems.

Other - Consists principally of unemployment compensation and deferred compensation benefits and administrative expenses. University activities reported in the discretely presented component unit column include loans to students, research projects and endowments.

DESIGNATIONS

Designations of unreserved fund balances are established to reflect tentative plans for future utilization of current financial resources. Designations are established for the following categories:

Debt Service - Amounts anticipated to pay future debt service requirements.

Capital Projects and Road and Highway Construction - Amounts anticipated to be utilized for the construction of state facilities, highways and roads.

Special Treasury Accounts - Special treasury accounts classified within the GAAP General Fund are shown in this designation, because the funds are not available for appropriation by the state legislature unless enabling legislation is approved. The fund balance of the Working Cash-Stabilization Reserve Account is also recorded as designated for other specific purposes.

The Working Cash-Stabilization Reserve Account - State law created the Working Cash-Stabilization Reserve Account into which shall be deposited 100 percent of the unencumbered General Fund cash balance at the close of each fiscal year until such time as the balance reaches \$40,000,000. After the balance in the account reaches \$40,000,000, 50 percent of the unencumbered General Fund cash balance at the close of each fiscal year shall be deposited into the account. Once the account reaches 7.5 percent of General Fund appropriations of the fiscal year, any excess of the 50 percent of the unencumbered cash balance is transferred to the Education Enhancement Account.

The Working Cash-Stabilization Reserve Account in excess of \$40,000,000 may be used to cover unforeseen deficits in revenues, that may occur in the General Fund. If the governor determines that a deficit in revenues from all sources may occur, a maximum of \$50,000,000 may be transferred to the General Fund in any one fiscal year. The amount so applied shall be restored to the Working Cash-Stabilization Reserve Account out of future annual surpluses until the 7.5 percent maximum is again attained. This account may also be used to pay state obligations as they become due when cash flow deficiencies occur. Sums used for this purpose must be reimbursed from General Fund revenues collected during the fiscal year in which such funds are used. As required by law, the Working Cash-Stabilization Reserve Account is not considered as a surplus or available funds when adopting a balanced budget.

Health Care - State law created the Health Care Fund to account for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investment of the monies are to be expended exclusively for health care purposes.

- R. **Federal Grants** - Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.
- S. **Bond Premiums/Discounts** - In governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance cost, even if withheld from the actual net proceeds received, are reported as debt service expenditures. In proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.
- T. **Total (Memorandum Only) Columns** - "Total (Memorandum Only)" columns have been added to certain statements to reflect totals for both the primary government and the reporting entity. They are presented for information only and do not represent consolidated financial information.



Note 2 - Budgetary Process, Control and Reconciliation to GAAP

Mississippi state law requires both the governor and the Legislative Budget Office to prepare and submit to the legislature at the beginning of each annual session an overall balanced budget for budgeted activities and functions in the ensuing fiscal year. Budgeted expenditures may not exceed the aggregate of 98 percent of estimated revenues plus funds expected to be on hand at the beginning of the year. The legislature compares these budgets, makes any revisions it deems necessary or appropriate, and legally enacts an annual state budget through passage of specific departmental appropriation bills by activity or function for the general and special funds and by major expenditure classification for all funds in total but not for individual funds, the sum of which should not exceed estimated amounts available and projected revenues for those activities and functions. The governor has the power to approve or veto each line item appropriation; however, vetoes are subject to legislative override.

The state has established three budgetary fund groups to account for its budgetary activities and functions:

General - accounts established to receive and distribute general tax revenues and other general revenues and interest generated thereon.

Education Enhancement - accounts established to receive specific tax revenues to support various educational programs.

Special - accounts established to receive federal grants, fees, proceeds from the sale of goods and services, taxes levied for specific purposes and interest generated thereon, and to support the functional activities of the agencies that generate such revenues.

The budget covers most governmental funds included in the state reporting entity but excludes certain distributive accounts, debt service funds, endowment funds, research funds from other than state appropriations, and private gifts to designated agencies or for designated purposes which are not subject to appropriation pursuant to state law. Certain accounts recommended by the Department of Finance and Administration as not being subject to appropriation are also excluded. Certain accounts held outside the treasury are similarly not budgeted. The budget does include certain proprietary funds and the administrative costs of operating the Public Employees' Retirement System of Mississippi.

The Department of Finance and Administration monitors agency budget compliance through an allotment process. For the general fund, allotments are established at or below the level of appropriation for each budgetary activity or function. For the special fund, allotments may be established in excess of the original appropriation if revenues from federal funding sources exceed original estimates. To provide sufficient funding for several programs during the fiscal year, supplemental appropriations of \$26,725,000 were approved by the legislature. Budget allotments were increased to reflect these supplemental appropriations.

If, at the end of October or any month thereafter of any fiscal year, general fund revenues collected for the fiscal year fall below 98 percent of the estimate adopted by the Legislative Budget Office at the date of sine die adjournment, the Department of Finance and Administration is required by statute to reduce allotments of appropriations to general fund agencies by the amount necessary to keep expenditures within the actual general fund receipts for the fiscal year. No agency's allotment may be reduced by more than 5 percent unless allotments to all general fund agencies have been reduced by 5 percent. Any required reductions in excess of 5 percent must consist of a uniform percentage reduction to all general fund agencies. Reduced allotments may be restored if revenue collections exceed revised estimates. There were no budget reductions during fiscal year 2000.

State agencies are responsible for exercising budgetary control and ensuring that allotments are not overspent, subject to Department of Finance and Administration review. The legal level of budgetary control is at the agency level by activity or function as well as by major expenditure classification (e.g., personal services, contractual services, commodities) if a major expenditure budget was established by approved appropriation bills. For those appropriations that are not delineated as to major expenditure classification, the lowest level of budgetary control is activity or function. Agencies are authorized to transfer appropriated amounts between major expenditure classifications not to exceed 10 percent, except that the amount budgeted for salaries cannot be changed and the amount budgeted for capital outlay - equipment cannot be increased. In addition, special fund expenditures cannot exceed the amount of cash in the fund at any time.

Budgeted general fund revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds represent the general fund revenue estimate adopted by the Legislative Budget Office at the date of sine die adjournment. Special fund revenue estimates include anticipated revenues during the year and the amount of beginning cash balances on hand at the beginning of the year which are anticipated to be expended for special fund purposes.

MISSISSIPPI

Because of the complexity of the state's budget, a separate Annual Report of Budgetary Basis Expenditures has been prepared to present budget to actual comparisons. This budgetary report is available at the Department of Finance and Administration.

The Combined Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP Basis) - All Budgetary Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. There are no budgeted accounts within the debt service, expendable trust, nonexpendable trust and agency funds. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP (see Note 1E), a reconciliation of resulting basis, timing, perspective and entity differences in the excess of revenues over (under) expenditures/expenses and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2000 is presented below (amounts expressed in thousands):

	Budgetary Funds			Financial Statement Fund Types						
	General	Education Enhancement	Special	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Pension Trust	Component Unit University
Excess of Revenues Over Expenditures and Other Financing Sources (Uses) - Budgetary Funds Budgetary Method	\$(102,593)	\$ (139,815)	\$ 78,577	\$	\$	\$	\$	\$	\$	\$
Entity and Perspective Differences:										
Reclassification of budgetary funds to GAAP financial statement fund types	102,593	139,815	(78,577)	(159,670)	7,768	(5,996)	(6,966)	306	(227)	954
Add non-budgeted funds				(140,072)	206,079	15,970	11,711	(17,008)	21,488	
Basis Differences:										
Net accrued revenues, related receivables and deferred revenues				622,654	5,287	3,815	(17,736)	(222)	2,077,607	1,390,169
Net accrued expenditures/expenses and related liabilities				(798,789)	(8,266)	(2,004)	26,849	(4,407)	(823,627)	(1,245,497)
Timing Differences:										
Lapse period revenues which were not treated as assets				(385,607)	(14,344)	(1,116)	(365)	(100)		(5,844)
Lapse period expenditures/expenses which were not treated as liabilities				468,714	17,034		1,144	2,893	1,336	8,198
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)/and other Changes in Equity - GAAP Fund Types - GAAP Basis	\$ 0	\$ 0	\$ 0	\$(392,770)	\$ 213,558	\$ 10,669	\$ 14,637	\$(18,538)	\$1,276,577	\$ 147,980

Note 3 - Other Accounting Disclosures

A. Individual Fund Deficits - At June 30, 2000, the Medicaid Fraud Fund, a special revenue fund, has a deficit fund balance of \$2,000 as a result of recognition of fund expenditures in excess of fund revenues. The Veterans' Memorial Stadium Commission Fund, an enterprise fund, has a deficit retained earnings of \$1,560,000. The deficit is a result of operating expenses exceeding operating revenues for fiscal year 2000. Within the Risk Management Fund (an internal service fund), the state and school employees' life and health insurance account has a deficit retained earnings of \$38,380,000. The other risk management accounts have positive retained earnings of \$7,354,000, creating a net deficit retained earnings of \$31,026,000 in the Risk Management Fund. The deficits are results of actuarial accruals of claims exceeding revenues for fiscal year 2000.

B. Contributed Capital - The changes in the state's contributed capital accounts for fiscal year 2000 were as follows (amounts expressed in thousands):

	Enterprise Fund	Component Units
Beginning balance, contributed capital at June 30, 1999 as previously reported	\$ 36,737	\$ 30,647
Contributions/fixed assets		396
Depreciation on contributed assets	(469)	
Ending balance, contributed capital	\$ 36,268	\$ 31,043

C. Reclassifications/Restatements of Fund Equity/Other Credits - During fiscal year 2000, certain special revenue fund operations and an enterprise fund were reclassified to general fund operations. The internal service fund equity has been decreased for previously unreported claims liability and a change to reporting liabilities at a discounted value. The component units' fund equity has been decreased for other prior period adjustments. The reclassifications/restatements of fund equity/other credits are summarized as follows (amounts expressed in thousands):

	General	Special Revenue	Enterprise	Internal Service	Component Unit
Fund Equity at June 30, 1999 as previously reported	\$ 2,453,465	\$ 434,263	\$ 222,550	\$ 8,170	\$ 2,268,915
Fund reclassifications	1,480	(1,471)	(9)		
Prior period adjustments				(5,850)	(5,077)
Fund Equity at June 30, 1999, as restated	\$ 2,454,945	\$ 432,792	\$ 222,541	\$ 2,320	\$ 2,263,838



D. Fund Equity - Fund balances reserved and fund balances unreserved, designated are explained as follows (amounts expressed in thousands):

	Governmental Fund Types					Total		Total	
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Types	Primary Government	Component Units	Reporting Entity	
Fund balances reserved:									
Encumbrances	\$ 46,695	\$ 9,448	\$	\$	\$	56,143	\$ 35,719	\$	91,862
Inventories	33,589	1,502				35,091			35,091
Long-term portion of loans and notes receivable	176,651	338				177,010			177,010
Long-term portion of due from other governments	311,437	9,910			21	321,347			321,347
Unemployment compensation						731,587			731,587
Capital improvements					731,587		2,114		2,114
Deferred compensation benefits and administrative expenses						608,886			608,886
Educational and vocational training					608,886	28,317			28,317
University funds loans to students					28,317		99,724		99,724
University funds research projects							31,903		31,903
University funds endowments							76,084		76,084
Memorial Burn Center and other						814			814
University funds contractual agreements					814		997		997
University funds temporarily restricted funds							1,352		1,352
University funds continuing education							581		581
Land management							61		61
Distribution to local governments	18,528					18,528			18,528
Wildlife conservation					3,615	3,615			3,615
Employees' pension benefits					16,774,378	16,774,378			16,774,378
Ayers endowment trust	15,000					15,000			15,000
Lower Pearl Project							1,725		1,725
Total fund balances, reserved	\$ 601,900	\$ 21,198	\$ 0	\$ 0	\$ 18,147,618	\$ 18,770,716	\$ 250,260	\$	\$19,020,976
Fund balances unreserved, designated:									
Debt Service	\$ 59,991	\$	\$ 31,627	\$ 3,450	\$	95,068	\$ 53,901	\$	148,969
Road and highway construction	347,291					347,291			347,291
Future capital projects				331,570		331,570			428,800
Working cash stabilization reserve	231,916					231,916	97,230		231,916
Special treasury accounts	390,596					390,596			390,596
Juvenile detention facilities		1,246				1,246			1,246
Future loans	53,778	2,875				56,653			56,653
Energy programs		5,790				5,790			5,790
Port improvements	9,462					9,462			9,462
Health care		507,528				507,528			507,528
Total fund balances unreserved, designated	\$ 1,093,034	\$ 517,439	\$ 31,627	\$ 335,020	\$ 0	\$ 1,977,120	\$ 151,131	\$	\$ 2,128,251

Retained earnings, reserved is explained as follows (amounts expressed in thousands):

	Enterprise		Total Component Units	Reporting Entity
Retained earnings, reserved for:				
Bond Retirement	\$	459	\$	459
Commission trust fund			7,000	7,000
Total retained earnings, reserved	\$	459	\$ 7,000	\$ 7,459



Note 4 - Deposits and Investments

Investment Policies

The state treasurer maintains a cash and short-term investment pool for all state general and special treasury funds and for investments of certain other state agencies. In addition, the Public Employees' Retirement System (the System), and a small number of other agencies carry out investment activities separate from the state treasurer. A discussion of statutory authority for these investments follows.

The state treasurer is authorized to invest in certificates of deposit or term repurchase agreements with approved financial institutions, banks and savings associations domiciled in Mississippi which are reflected as deposits or investments in the accompanying financial statements. Financial institutions make annual application to the state treasurer for state funds by signing a contract and supplying their financial report as provided to their regulatory authority to assure the statutory required 5 ½ percent primary capital to total assets ratio. Depositories are required to collateralize at least 105 percent of the amount of funds held on deposit in certificates of deposit that are in excess of the \$100,000 FDIC limit. Substitution based on par is allowed for some collateral securities. The state treasurer is also authorized to invest in repurchase agreements and securities lending transactions (with at least 80 percent of the total dollar amount with qualified state depositories), direct United States Treasury obligations, United States Government instrumentalities, United States Government agency obligations and any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et seq., provided that the portfolio is limited to direct obligations issued by the United States (or its agencies, instrumentalities or sponsored enterprises) and to repurchase agreements fully collateralized by direct obligations of the United States (or its agencies, instrumentalities or sponsored enterprises).

The state treasurer invests in collateralized mortgage obligations issued by United States Government agencies in order to maximize yield on the state's funds. These securities are based on cash flows from principal payments on underlying mortgages, therefore, they are sensitive to prepayments by mortgagees. In essence, as principal payments are made, cash is received, and the par value of the securities is reduced.

Funds in the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account are invested by the state treasurer as authorized by Sections 27-103-203 and 7-9-103, respectively, Mississippi Code Ann. (1972). As a result of the settlement of the State of Mississippi's lawsuit against tobacco companies, House Bill 519 General Laws of the 1999 Legislative Session created the Health Care Trust Fund Board (the Board) and named the state treasurer as chairman. The Board is authorized to invest funds in the Health Care Trust Account under Section 43-13-409, Mississippi Code Ann. (1972). The Public Employees' Retirement System (the System) is authorized to invest funds under Section 25-11-121, Mississippi Code Ann. (1972). The state treasurer, for the Working Cash-Stabilization Reserve Account and the Education Improvement Trust Account; the Board; and the System are authorized to invest in the following:

Bonds, notes, certificates and other valid general obligations of the state of Mississippi, or of any county, city, or supervisor's district of any county of the state of Mississippi;

School district bonds of the state of Mississippi;

Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;

Highway bonds of the state of Mississippi;

Corporate bonds of Grade A or better as rated by Standard & Poor's Corporation or by Moody's Investors Service. The Board and the System may invest in corporate bonds of Grade Baa/BBB or better as rated by Standard & Poor's Corporation or by Moody's Investors Service.

Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by Standard & Poor's Corporation or rated P-3 or better by Moody's Investors Service. The Board of Trustees of the System has established a policy which further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by Standard & Poor's Corporation or Moody's Investors Service, respectively;

Bonds of the Tennessee Valley Authority;

Bonds, notes, certificates and other valid obligations of the United States or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the Securities and Exchange Commission;



Bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;

Interest-bearing bonds or notes which are general obligations of any other state in the United States or any city or county therein, provided such city or county had a population as shown by the federal census next preceding such investment of not less than 25,000 inhabitants, and provided that such state, city, or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten calendar years immediately preceding such investment;

In addition, the Board and the System are authorized to invest in the following:

Bonds rated A or better, stocks and convertible securities of established foreign companies which are listed on primary national stock exchanges of foreign nations and foreign government securities rated A or better by a recognized rating agency. The Board and the System are authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments;

Shares of stock, common and/or preferred, of corporations created by or existing under the laws of the United States or any state, district or territory thereof;

Covered call and put options on securities traded on one or more of the regulated exchanges;

Pooled or commingled funds managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940, where such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other authorized investments; and

Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board and the System.

Public Employees' Retirement System - During fiscal year 2000, the System invested exclusively in asset/liability based derivatives such as interest-only strips, principal-only strips and collateralized mortgage obligations (forms of mortgage-backed securities). The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on the underlying mortgages. Therefore, they are sensitive to prepayments by mortgagors which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in fair value.

Collateralized mortgage obligations (CMO's) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMO's may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments cause a decline in cash flows and, thus a decline in fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

Credit risk for derivatives held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System.

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The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of this statement. The System lends securities similar to the type on loan at year-end for collateral in the form of either cash or other securities. The type of securities on loan at June 30, 2000, by the System are long-term U.S. Government and agency obligations and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic equities and bonds) and 105 percent (international equities) of the fair value and accrued income of the securities lent. In the event the collateral value falls to less than 100 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of their securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 110 days at June 30, 2000. Cash collateral is invested in fixed income securities such as U. S. Government and agency obligations and "AAA" asset-backed securities. Additionally, a significant portion is invested in short-term securities, such as repurchase agreements, commercial paper, and bank notes. The weighted-average term to maturity of all collateral investments at year-end was 402 days with a duration (a calculation based on timing of expected future cash flows) of 72 days.

Securities lent at year-end for cash collateral are presented as unclassified in the following schedule of custodial credit risk; securities lent for securities collateral are classified according to the category for the collateral. The investments purchased with the cash collateral are presented in category 3 since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year-end, the System had no credit risk exposure to borrowers because the amount the System owes the borrowers exceeds the amount the borrowers owe the System. At June 30, 2000, the aggregate cost of securities lending holdings, including accrued interest was \$1,827,676,000 and the aggregate fair value, including accrued interest, of the underlying securities lent was \$1,766,823,000. The value of the collateral pledged by borrowers at year end was \$1,812,111,000.

All of the investment assets of the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS) and the Supplemental Legislative Retirement Plan (SLRP) are combined with those of the Public Employees' Retirement System (PERS) and invested in short-term, fixed income securities and equity securities. These investments are accounted for as part of the PERS pension trust fund. MHSPRS, MRS and SLRP have an equitable interest in the PERS fund based upon amounts contributed and earnings allocated. Individual investments in the PERS fund are not specifically allocated to MHSPRS, MRS and SLRP. However, a prorata share of total securities lending collateral investments is allocated. The System has no investments (other than those issued or guaranteed by the United States Government or its instrumentalities) in any one organization that represent 5 percent or more of the System's plan net assets.

Section 25-11-121, Mississippi Code Ann. (1972), requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by Federal insurance programs. These statutes also require that, where possible, the types of collateral securing deposits are limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to 100 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts.

Deposits

The carrying amount of the primary government's total cash deposits as of June 30, 2000, was \$826,306,000 and the corresponding bank balances, which are represented by collected funds, were \$845,767,000. The portion of such bank balances covered by federal depository insurance or by collateral held by the primary government's agent in the name of the primary government was \$461,447,000. In addition, \$373,689,000 was collateralized with securities held by a pledging financial institution's agent in the primary government's name. The remaining \$10,631,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

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The carrying amount of the component units' total cash deposits as of June 30, 2000, was \$208,896,000 and the corresponding bank balances, which are represented by collected funds, were \$232,998,000. Of the bank balance, \$203,028,000 was fully insured or collateralized with securities held by the respective component unit or its agent in the name of the component unit. In addition, \$11,955,000 was collateralized with securities held by a pledging financial institution's trust department in the component unit's name, \$3,253,000 was collateralized with securities held by a pledging financial institution's agent in the component unit's name, while \$14,762,000 was collateralized with securities held by a pledging financial institution or was uninsured and uncollateralized.

Investments

The following tables present the fair value of investments by type and categorizes the fair value as follows:

- category 1 are those which are insured or registered, or securities held by the state or its agent in the state's name;
- category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name;
- category 3 are those which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the state's name.

At June 30, 2000, the primary government's investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
Commercial paper	\$ 70,722	\$	\$ 930,791	\$ 1,001,513
Repurchase agreements	597,158		399,713	996,871
U. S. Government securities and agencies	2,793,977	35,797	217,478	3,047,252
International currency	50,349			50,349
Mortgage and asset backed securities	4,655			4,655
Corporate and international obligations	1,970,344	9,321	671,479	2,651,144
Corporate and international equities	11,270,152			11,270,152
Municipal obligations	54,958			54,958
	<u>\$ 16,812,315</u>	<u>\$ 45,118</u>	<u>\$ 2,219,461</u>	<u>19,076,894</u>
Investments in mutual funds				29,265
Investments held by broker - dealers under securities loans with cash collateral:				
U. S. Government securities and agencies				987,476
Equity securities				360,240
International equity securities				399,649
International group equity trust				171,263
Deferred compensation plan pooled investments:				
Fixed and variable investments				345,370
Balanced asset fund				22,392
Fixed income fund				11,607
Life insurance contracts				782
International equity fund				82,308
Mutual funds				10,194
Total Investments				<u>\$ 21,497,440</u>

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In addition to the deposits and investments described above, the primary government had approximately \$694,889,000 on deposit with the United States Government. These funds represent unemployment insurance taxes collected from Mississippi employers that are held by the U.S. Treasury.

At June 30, 2000, the component units' investments consisted of (amounts expressed in thousands):

	Category			Fair Value
	1	2	3	
Investments:				
Repurchase agreements	\$	\$	\$ 6,621	\$ 6,621
U. S. Government securities and agencies	13,261	60,435	172,142	245,838
Corporate obligations		1,440		1,440
Corporate equities	300	7,249	13,923	21,472
	<u>\$ 13,561</u>	<u>\$ 69,124</u>	<u>\$ 192,686</u>	<u>\$ 275,371</u>
Investments in mutual funds				57,122
Total Investments				<u>\$ 332,493</u>

Note 5 - Receivables

At June 30, 2000, net receivables by fund type consisted of (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total Primary Government	Component Units
Taxes receivable:									
Sales	\$ 202,213	\$	\$	\$	\$	\$	\$	\$ 202,213	\$
Income	105,229							105,229	
Gasoline	34,530							34,530	
Unemployment insurance							29,588	29,588	
Other	87,566							87,566	
Total taxes receivable	429,538						29,588	459,126	
Other receivables:									
Patient accounts									925,403
Tuition									38,055
Securities sold							241,863	241,863	
Interest and dividends	11,877	2,964	307	1,986	953	243	88,117	106,447	
Contributions							54,029	54,029	
Other	77,857	2,896	770		2,991	82	13,869	98,465	58,451
Total receivables	519,272	5,860	1,077	1,986	3,944	325	427,466	959,930	1,021,909
Allowance for uncollectible receivables	12,498				12		2,326	14,836	879,499
Receivables, net	<u>\$ 506,774</u>	<u>\$ 5,860</u>	<u>\$ 1,077</u>	<u>\$ 1,986</u>	<u>\$ 3,932</u>	<u>\$ 325</u>	<u>\$ 425,140</u>	<u>\$ 945,094</u>	<u>\$ 142,410</u>



Note 6 - Interfund Transactions

At June 30, 2000, interfund receivables and interfund payables consisted of (amounts expressed in thousands):

Fund Type/Fund	Interfund Receivables		Interfund Payables	
General	\$	\$	\$	\$
		15,523		61,072
Special Revenue:				
Health Care			2,571	
Rehabilitation Services	396			
Disability Determination	21		54	
Employment Services	1,706		253	
Alcohol Abuse Program	323		252	
Social Services			13	
Medicaid Fraud	3			
Community Services	82			
Inmate Welfare and Training	331		148	
Public Safety Planning			354	
Emergency Management			3	
Community Development	159		1,418	
Energy Conservation			15	
Fisheries and Wildlife	5,750		42	
Parks and Recreation			1	
Other Department of Wildlife, Fisheries and Parks	119			
Department of Marine Resources	3,050		86	
Public Service Commission	4,867		12	
Workers' Compensation Commission			1	
Department of Banking and Consumer Finance			19	
Other Regulatory Agencies			32	
		16,807		5,274
Debt Service		2,073		3,745
Capital Projects		7,058		
Enterprise:				
Fair Commission	7		127	
Veterans' Home Purchase Board			2	
Port Authority at Gulfport			4	
Allied Enterprises	215			
Office of Surplus Property	1			
Restaurants	33			
Commissary	454		455	
Prison Agricultural Enterprises	160			
		870		588
Internal Service:				
Personnel Board	162			
Information Technology Services	1,905			
Risk Management	468		189	
		2,535		189



Fund Type/Fund	Interfund Receivables		Interfund Payables	
Trust and Agency:	\$	\$	\$	\$
Expendable Trust:				
Deferred Compensation Plan			40	
Unemployment Compensation	10,208		146	
	10,208		186	
Nonexpendable Trust:				
Oil and Gas Taxes on State-owned Land			393	
Other Nonexpendable Trust	31			
	31		393	
Pension Trust:				
Public Employees' Retirement System	57		10	
Highway Safety Patrol Retirement System			9	
Municipal Retirement Systems			6	
Supplemental Legislative Retirement Plan			1	
	57		26	
Agency:				
Local Government Distributive	4,460		216	
Program	3,685		13,859	
Institutional	10		1,012	
	8,155		15,087	
Component Units:				
Mississippi Business Finance Corporation			3	
Mississippi Prison Industries Corporation	45			
University:				
Unrestricted	49,982		23,877	
Restricted	22,892		39,775	
Loan	240		178	
Unexpended	8,463			
Renewals and Replacements	4,000		692	
Retirement of Indebtedness	2,000			
Agency	146			
	87,768		64,525	
	\$ 151,085		\$ 151,085	
Reconciliation for interfund transactions (amounts expressed in thousands):				
Due from/to other funds	\$	119,705	\$	119,705
Due from/to primary government		27,301		4,058
Due from/to component units		4,058		27,301
Loans from/to other funds		21		21
	\$	151,085	\$	151,085



Note 7 - Loans and Notes Receivable

At June 30, 2000, loans and notes receivable by fund type, net of allowances of \$12,017,000 for uncollectible student loans and \$539,000 for energy loans, consisted of (amounts expressed in thousands):

	General Fund	Special Revenue	Enterprise	Total Primary Government	Component Unit University
Disaster loans	\$ 63	\$	\$	\$ 63	\$
Energy loan program		524		524	
Magnolia Capital Corporation (a)	8,348			8,348	
Mississippi Business Investment Act loans (b)	9,130			9,130	
Mississippi Critical Teacher Shortage housing loans	197			197	
Mississippi Farm Reform Act loans (c)	70,619			70,619	
Mississippi Major Economic Impact loans	219			219	
Mortgage loans (d)			111,230	111,230	
Port Authority at Gulfport notes			21	21	
Railroad revitalization loans (e)	2,939			2,939	
Small Enterprise Development loans (f)	91,402			91,402	
Student loan program (g)					89,269
Water improvement loans (h)	9,129			9,129	
Loans and Notes Receivable, Net	\$ 192,046	\$ 524	\$ 111,251	\$ 303,821	\$ 89,269

- (a) In fiscal year 1995, the state issued Magnolia Venture Capital bonds. The proceeds of the bonds were used to provide a loan to Magnolia Capital Corporation for the purpose of increasing the rate of capital formation, stimulating new growth-oriented business formations, creating new jobs, developing new technology, enhancing tax revenue and supplementing conventional business financing. Security for repayment of this loan is guaranteed by U.S. Treasury zero stripped securities purchased in the state of Mississippi's name which are to mature August 15, 2009, at an amount equal to the loan.
- (b) Since fiscal year 1987, the state has issued Mississippi Business Investment Act (MBI) bonds. The purpose of the bonds is, in part, to provide loans to Mississippi businesses for economic development.
- (c) Since fiscal year 1991, the state has issued Mississippi Farm Reform Act bonds. The proceeds of the bonds were used to fund an agribusiness enterprise loan program, a minority business enterprise loan program and an emerging crops loan interest payment program.
- (d) Mortgage loans are made by the Veterans' Home Purchase Board to eligible Mississippi veterans primarily for the purchase of residential housing.
- (e) In fiscal year 1992, the state established the Railroad Revitalization Fund loan program, administered by the Mississippi Department of Transportation. The purpose of these loans is to provide assistance to railroads and public entities mainly for the rehabilitation of railroad track infrastructure, including service lines to Mississippi industry.
- (f) Since fiscal year 1990, the state has issued Small Enterprise Development (SED) bonds. The proceeds of the bonds were used to provide loans to private companies for the acquisition, construction and equipping of manufacturing or processing facilities.
- (g) Student loans are made pursuant to student loan programs funded by the U.S. Government.
- (h) Water improvement loans are made by the Department of Health to water associations for rural water system improvements.



Note 8 - Property, Plant and Equipment

Changes in the general fixed assets account group by major classification for the year ended June 30, 2000, are presented below (amounts expressed in thousands):

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 89,176	\$ 1,851	\$ 1,207	\$ 89,820
Buildings	920,230	55,146	750	974,626
Improvements other than buildings	67,558	10,560	1	78,117
Machinery and equipment	684,893	78,291	215,919	547,265
Construction in progress	226,597	118,918	59,228	286,287
	<u>\$ 1,988,454</u>	<u>\$ 264,766</u>	<u>\$ 277,105</u>	<u>\$ 1,976,115</u>

Construction in progress is composed of (amounts expressed in thousands):

	Project Authorization	Expended To Date	Outstanding Commitment
Department of Transportation buildings	\$ 29,749	\$ 27,239	\$ 3,114
Military Department	20,060	13,210	6,849
Department of Finance and Administration	93,587	83,909	6,925
Department of Corrections	31,081	28,293	1,156
Department of Wildlife, Fisheries and Parks	25,786	25,140	368
Educational Television	14,494	6,329	7,614
Department of Mental Health	34,074	26,278	6,054
East Mississippi State Hospital	11,699	2,569	7,484
Department of Education	20,487	17,966	2,466
Department of Archives and History	28,100	5,347	20,363
Memorial Stadium	11,696	4,804	5,151
Department of Health	17,127	16,861	104
Department of Economic and Community Development	10,766	7,556	4,059
Other projects less than \$10 million	36,095	20,786	4,992
	<u>\$ 384,801</u>	<u>\$ 286,287</u>	<u>\$ 76,699</u>

No further financing is required on any of the construction in progress.

At June 30, 2000, property, plant and equipment recorded in individual fund types of the primary government, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	Enterprise	Internal Service	Trust and Agency
Land	\$ 12,702	\$	\$ 508
Buildings	57,392		3,628
Improvements other than buildings	46,446		126
Machinery and equipment	10,377	16,981	3,465
Construction in progress	15,612		
Total fixed assets	142,529	16,981	7,727
Accumulated depreciation, where applicable	28,026	9,237	3,783
Property, Plant and Equipment, Net	<u>\$ 114,503</u>	<u>\$ 7,744</u>	<u>\$ 3,944</u>

At June 30, 2000, property, plant and equipment recorded in the component units, net of accumulated depreciation where applicable, consisted of (amounts expressed in thousands):

	University	Other Component Units	Total Component Units
Land	\$ 33,990	\$ 28,241	\$ 62,231
Buildings	974,569	39,388	1,013,957
Improvements other than buildings	124,977	58,197	183,174
Machinery and equipment	522,617	26,445	549,062
Construction in progress	221,649	388	222,037
Total fixed assets	1,877,802	152,659	2,030,461
Accumulated depreciation, where applicable		25,813	25,813
Property, Plant and Equipment, Net	<u>\$ 1,877,802</u>	<u>\$ 126,846</u>	<u>\$ 2,004,648</u>



Note 9 - General Obligation and Defeased Bonds

Bond indebtedness incurred by the state of Mississippi must be authorized by legislation governing the specific programs or projects to be financed. Such legislation provides the state bond commission authority to approve and authorize the sale and issuance of bonds. The state bond commission is comprised of the governor as chairman, the state attorney general as secretary, and the state treasurer.

General obligation bonds are authorized and issued primarily to provide funds for constructing and improving state-owned facilities, including ports, stadium facilities, university facilities, public schools, parks, bridges and roads. General obligation bonds have also been issued to refund certain outstanding bonds of the state in advance, to provide loans to facilitate and promote further economic development in the state and to purchase land for wildlife conservation.

General obligation bonds are backed by the full faith, credit and taxing power of the state. Although certain general obligation debt is being retired from the resources of the enterprise funds and is therefore recorded in these funds, the state remains contingently liable for its payment. In accordance with Mississippi state law, the state serves as the guarantor for the general obligation bonds of the Greater Port of Pascagoula. The port is not considered part of the reporting entity, however, if the port's resources are insufficient to make the debt service payments on the outstanding bonds, the deficiency must be paid by the state. As of June 30, 2000, the Port of Pascagoula's outstanding general obligation bonds are \$7,520,000.

In prior years, the state defeased certain outstanding general obligation bonds of the primary government by depositing the net proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on the defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2000, \$466,105,000 of outstanding general obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 2000, the primary government's outstanding general obligation bonds are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Enterprise Funds:			
Port Improvement (Gulfport)	\$ 63,617	4% - 6.5%	Sept. 2018
General Long-term Obligations Account Group:			
State Aid Road Construction	120	8%	Sept. 2000
Public School Construction	2,000	6.125%	May 2001
Mississippi Development Bank	3,750	4.2% - 4.75%	Nov. 2004
Archusa Water Park Dam	460	5%	Aug. 2008
Port Improvements	18,420	5%	Aug. 2008
Tech Prep	48,590	5% - 5.5%	Aug. 2008
Stennis Space Center	15,725	6.3% - 6.5%	July 2009
Magnolia Venture Capital	15,410	7.3% - 8%	Aug. 2009
Mississippi Home Corporation Act	4,730	7.875% - 8.1%	Oct. 2009
Community and Jr. College Telecommunications Network	24,905	5% - 5.75%	May 2011
Economic Development Highway Act	58,750	5.375% - 8.1%	Sept. 2013
Mississippi Small Enterprise Development Finance Act	92,796	4.15% - 7.75%	Dec. 2014
General Obligation Refunding Bonds	310,770	4.2% - 6.2%	Dec. 2014
Local Governments Rail Revolving Loan Program	4,645	7% - 8.8%	Sept. 2016
Mississippi Farm Reform Act	58,245	5.25% - 8.8%	Sept. 2016
Mississippi Major Economic Impact Act	76,170	4.9% - 8.8%	Sept. 2016
Local Governments Water System Improvement Revolving Loan Program	12,605	5.75% - 7.75%	May 2017
Mississippi Gaming Highway Improvement	117,250	5% - 5.25%	July 2018
Major Energy Project Development	29,250	5.6% - 6.75%	Oct. 2018
Mississippi Business Investment Act	80,535	5.25% - 8.8%	Oct. 2018
Small Business Assistance	20,390	5.25% - 7.05%	Oct. 2018
Capital Improvement	931,965	4.25% - 7.5%	Nov. 2019
Local Governments Capital Improvements Revolving Loan Program	86,595	4.625% - 8.8%	Nov. 2019
	<u>\$ 2,014,076</u>		
	<u>\$ 2,077,693</u>		



At June 30, 2000, future general obligation debt service requirements for the primary government are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2001	\$ 124,906	\$ 114,857	\$ 239,763
2002	126,314	107,788	234,102
2003	127,439	100,548	227,987
2004	132,454	93,214	225,668
2005	130,624	85,598	216,222
Thereafter	1,435,956	478,590	1,914,546
	<u>\$ 2,077,693</u>	<u>\$ 980,595</u>	<u>\$ 3,058,288</u>

Changes in general obligation bonds recorded in the primary government's general long-term obligations account group during the year ended June 30, 2000, are summarized in Note 13.

Note 10 - Limited Obligation Bonds

Limited obligation bonds are payable exclusively from specific pledged General Fund revenues. Such obligations are not secured by the full faith, credit and taxing power of the state, and holders of such obligations are not entitled to look to other state resources for payment.

In prior years, the state defeased certain outstanding limited obligation bonds of the primary government by depositing the net proceeds of refunding bonds and additional monies from debt service funds in irrevocable trusts to be used solely for satisfying all future scheduled principal and interest payments on defeased bonds. Accordingly, for financial reporting purposes the defeased bonds and related trust accounts are not included in the financial statements. At June 30, 2000, \$87,473,000 of outstanding limited obligation bonds (including prior years' refundings) are considered defeased.

At June 30, 2000, the outstanding limited obligation bonds were \$182,905,000. The final maturity date for these bonds is June 2009, with interest rates ranging from 4.5 to 5.25 percent.

At June 30, 2000, future limited obligation debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2001	\$ 17,370	\$ 9,319	\$ 26,689
2002	14,000	8,538	22,538
2003	19,145	7,908	27,053
2004	19,875	6,950	26,825
2005	20,670	5,907	26,577
Thereafter	91,845	12,312	104,157
	<u>\$ 182,905</u>	<u>\$ 50,934</u>	<u>\$ 233,839</u>

Changes in limited obligation bonds during the year ended June 30, 2000 are summarized in Note 13.



Note 11 - Revenue Bonds and Notes

Revenue bonds and notes are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the state.

At June 30, 2000, revenue bonds and notes outstanding, net of unamortized discounts and premiums are (amounts expressed in thousands):

Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Primary Government			
Enterprise:			
Mississippi Fair Commission	\$ 775	9.2% - 9.45%	Dec. 2005
Total Primary Government	<u>\$ 775</u>		
Component Units			
University:			
Alcorn State University	\$ 1,407	2.875% - 3.5%	Nov. 2002
Delta State University	4,935	3.4% - 7.304%	Dec. 2018
Jackson State University	9,952	3% - 3.5%	Apr. 2021
Mississippi State University	51,065	2.75% - 6.15%	Dec. 2024
Mississippi Valley State University	219	3% - 3.5%	July 2008
University of Mississippi	35,695	3% - 8.2%	Apr. 2027
University Medical Center	70,811	3.85% - 9%	Dec. 2023
University of Southern Mississippi	20,545	3% - 6.75%	Dec. 2027
	<u>194,629</u>		
Pat Harrison Waterway District:			
Bonds	1,125	4% - 5%	May 2005
Notes	2,136	3.137% - 8%	Jan. 2018
	<u>3,261</u>		
Total Component Units	<u>\$ 197,890</u>		

At June 30, 2000, future revenue bond and note debt service requirements are (amounts expressed in thousands):

Year Ending June 30	Primary Government Enterprise			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 105	\$ 68	\$ 173	\$ 7,585	\$ 9,851	\$ 17,436
2002	115	57	172	7,839	9,504	17,343
2003	125	46	171	7,819	9,184	17,003
2004	135	34	169	7,703	8,829	16,532
2005	145	21	166	8,694	8,586	17,280
Thereafter	150	7	157	158,250	79,304	237,554
	<u>\$ 775</u>	<u>\$ 233</u>	<u>\$ 1,008</u>	<u>\$ 197,890</u>	<u>\$ 125,258</u>	<u>\$ 323,148</u>

Note 12 - Other Long-term Obligations

- A. **Capital Lease Commitments** - The state leases property with varying terms and options. Most leases contain a fiscal funding addendum stating that the lease shall terminate on the last day of the fiscal year if appropriated funds for the ensuing fiscal year are insufficient. However, if renewal is reasonably assured, leases requiring appropriation by the legislature are considered noncancellable leases for financial reporting purposes.

At June 30, 2000, machinery and equipment recorded under capital leases included in the general fixed assets account group were \$18,332,000. Machinery and equipment recorded under capital leases included in enterprise funds were \$339,000 before accumulated depreciation of \$81,000. Machinery and equipment recorded under capital leases included in internal service funds were \$1,232,000 before accumulated depreciation of \$225,000. Buildings recorded under capital leases included in the general fixed assets account group were \$116,366,000. The discretely presented component units recorded capital leases of \$44,041,000.

At June 30, 2000, future minimum commitments under capital leases by fund type are (amounts expressed in thousands):

Year Ending June 30	Enterprise	Internal Service	General Long-term Obligations	Total Primary Government	Component Unit
2001	\$ 66	\$ 408	\$ 14,344	\$ 14,818	\$ 8,086
2002	54	148	14,094	14,296	6,955
2003	55	116	12,199	12,370	5,378
2004	55		11,807	11,862	3,725
2005	27		10,679	10,706	2,633
Thereafter			118,938	118,938	8,856
Total Minimum Lease Payments	257	672	182,061	182,990	35,633
Less Interest	27	37	59,627	59,691	5,918
Present Value of Net Minimum Lease Payments	\$ 230	\$ 635	\$ 122,434	\$ 123,299	\$ 29,715

- B. **Compensated Absences** - The state of Mississippi's liability for compensated absences reported in the primary government's general long-term obligations account group at June 30, 2000 was \$86,960,000. The component units reported a liability of \$57,207,000 for compensated absences, of which \$56,750,000 was for the university funds. The reported liability includes related fringe benefits and excludes any obligations related to leave accumulations in excess of 30 days per employee (see Note 1-N).
- C. **Notes payable and certificates of participation** - The state of Mississippi's liabilities for notes payable and certificates of participation reported in the primary government's general long-term obligations account group at June 30, 2000 were \$11,406,000 and \$3,095,000, respectively. Notes payable were issued for financing software development and certificates of participation were issued for the purchase of a building. Notes payable, issued for the renovation of a building, in the enterprise fund were \$30,000.

At June 30, 2000, future debt service requirements for notes payable and certificates of participation are (amounts expressed in thousands):

Year Ending June 30	Enterprise		General Long-term Obligations					
	Notes Payable						Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ 16	\$ 2	\$ 4,472	\$ 512	\$ 95	\$ 170		
2002	14	1	4,566	289	95	163		
2003			2,368	59	100	156		
2004					105	150		
2005					115	142		
Thereafter					2,585	1,089		
	\$ 30	\$ 3	\$ 11,406	\$ 860	\$ 3,095	\$ 1,870		



- D. **Claims and Judgments** - The state of Mississippi's liability for claims and judgments reported in the primary government's general long-term obligations account group at June 30, 2000 was \$85,000. This debt represents the long-term portion of a U. S. Department of Labor judgment relating to a Job Training Partnership Act (JTPA) program disallowance.

Changes in capital lease commitments, compensated absences, notes payable, certificates of participation and claims and judgments recorded in the primary government's general long-term obligations account group during the year ended June 30, 2000 are summarized in Note 13.

Note 13 - Changes in Long-term Obligations

Changes in long-term obligations recorded in the primary government's general long-term obligations account group for the year ended June 30, 2000 are summarized below (amounts expressed in thousands):

	Balance July 1, 1999	Additions	Reductions	Balance June 30, 2000
General Obligation Bonds (Note 9)	\$ 1,883,255	\$ 240,400	\$ 109,579	\$ 2,014,076
Limited Obligation Bonds (Note 10)	200,000		17,095	182,905
Capital Lease Obligations (Note 12)	128,620	1,564	7,750	122,434
Accrued Compensated Absences (Note 12)	80,525	53,770	47,335	86,960
Notes Payable (Note 12)	9,446	4,058	2,098	11,406
Certificates of Participation (Note 12)	3,175		80	3,095
Claims and Judgments (Note 12)	169		84	85
	<u>\$ 2,305,190</u>	<u>\$ 299,792</u>	<u>\$ 184,021</u>	<u>\$ 2,420,961</u>



Note 14 - Bonds Authorized But Unissued

At June 30, 2000, authorized but unissued bond indebtedness existed to be used for various purposes as summarized below (amounts expressed in thousands):

Purpose	Authorized Bonds	Authorized But Unissued
General Obligation Bonds:	\$	\$
Archives & History Facility	5,600	5,600
Business Investment Act	254,750	65,743
Center for Advanced Technology Partnership	8,000	8,000
Children's Museums	4,500	3,000
Community and Jr. College Telecommunications Network	42,950	13,000
Crafts Center	4,000	3,000
Economic Development Highway	157,000	83,100
Farish Street Historic District Loans	6,000	6,000
Farm Reform Act	97,000	2,000
Gaming Counties Infrastructure	325,000	200,000
Hancock County Port and Tri-State Commerce		
Park Capital Improvements	38,700	21,700
Historical Properties	3,800	3,700
Hospitality Station (Coahoma County)	2,500	2,500
Institutions of Higher Learning Equipment	15,000	15,000
Institutions of Higher Learning Facilities	299,850	78,422
Juvenile Correctional Facilities	21,150	1,900
Local Governments Capital Improvements	108,000	8,000
Local Governments Rail Program	15,000	10,000
Local Governments Water System Improvement	20,000	5,000
Major Economic Impact	272,260	137,870
MC School of Law	4,000	3,950
Master Planned Communities	20,000	20,000
Metro Parkway	20,000	14,268
Natchez Trace Parkway	8,500	8,500
Parks Improvement	20,925	13,925
Port Improvement (Gulfport)	80,000	31,288
Public Facilities Capital Improvement	319,411	152,361
Public School Construction	100,000	98,000
Single Family Residential Housing Loan Program	5,000	5,000
Small Enterprise Development Finance	140,000	47,204
Soil and Water Commission	8,000	5,500
Spillway Road Construction	4,950	4,950
Stennis Space Center	4,500	3,150
Telecommunication Center	17,500	17,500
	2,453,846	1,099,131
Limited Obligation Bonds:		
Education Technology	60,000	60,000
Pascagoula River Bridge	30,000	30,000
State Fire Academy	2,500	300
	92,500	90,300
Revenue Bonds:		
Mississippi Fair Commission	4,000	1,525
Seed Laboratory	800	800
Veterans' Home Purchase Board	20,000	20,000
	24,800	22,325
	\$ 2,571,146	\$ 1,211,756



Note 15 - Segment Information - Enterprise Funds

Financial information by enterprise fund segment as of and for the year ended June 30, 2000 is as follows (amounts expressed in thousands):

	Fair Commission (a)	Veterans' Home Purchase Board (b)	Veterans' Memorial Stadium Commission (c)
Operating revenues	\$ 3,877	\$ 6,626	\$ 1,307
Depreciation	361	26	257
Operating income (loss)	(224)	5,721	(250)
Operating transfers in			
Operating transfers out	(12)		
Nonoperating revenues	45	498	26
Nonoperating expenses	79		1
Net income (loss)	(270)	6,219	(225)
Property, plant and equipment:			
Additions	55	1,680	6
Deletions	3		1
Net working capital	1,222	11,097	390
Total assets	11,704	122,251	1,646
Long-term tuition benefits payable			
Long-term bonds payable	670		
Other long-term liabilities			
Total equity	10,572	120,313	1,610

	Department of Agriculture and Commerce	Department of Finance and Administration	
	Farmers' Central Market Board (h)	Agriculture and Forestry Museum (i)	Office of Surplus Property (j)
Operating revenues	\$ 381	\$ 461	\$ 784
Depreciation	40	127	45
Operating income (loss)	(9)	(535)	(100)
Operating transfers in		486	
Operating transfers out			
Nonoperating revenues			34
Nonoperating expenses	4	1	11
Net income (loss)	(13)	(50)	(77)
Property, plant and equipment:			
Additions	3	4	26
Deletions		2	11
Net working capital	22	260	428
Total assets	970	4,991	793
Long-term tuition benefits payable			
Long-term bonds payable			
Other long-term liabilities			
Total equity	898	4,942	696

The following types of goods or services are provided by the enterprise funds:

- | | |
|---|---|
| (a) State fair and coliseum activities | (g) Prepaid affordable college tuition |
| (b) Home mortgage loans to veterans | (h) Processing, storing and marketing agricultural products |
| (c) Concessions and ticket sales to sporting events | (i) Museum tours and events |
| (d) Port facilities | (j) Federal property distribution |
| (e) Port facilities | (k) Food services |
| (f) Miscellaneous goods and services provided by handicapped citizens | (l) Groceries |
| | (m) Agricultural products and services |



		Department of Rehabilitation Services		State Treasurer	
Port Authority at Gulfport (d)	Yellow Creek Inland Port Authority (e)	Allied Enterprises (f)	Prepaid Affordable College Tuition (g)		
\$ 16,133	\$ 1,123	\$ 11,463	\$ 1,791		
3,063	576		3		
7,620	(4)	(5,979)	(3,323)		
2,292		6,962			
(5)		(950)			
4,250	213	60	2		
3,330					
10,827	209	93	(3,321)		
10,989	309		13		
52					
20,052	5,256	5,402	60,476		
147,744	16,803	5,770	63,623		
			60,239		
58,150					
	9,251				
78,209	7,520	5,402	259		

Department of Corrections

Restaurants (k)	Commissary (l)	Prison Agricultural Enterprises (m)	Total		
\$ 515	\$ 5,396	\$ 2,118	\$ 51,975		
6	46	323	4,873		
5	489	(1,073)	2,338		
14		1,856	11,610		
(2)	(494)	(24)	(1,487)		
12	5		5,145		
		12	3,438		
29		747	14,168		
49	165	231	13,530		
			69		
94	230	2,164	107,093		
243	1,255	6,453	384,246		
			60,239		
			58,820		
		174	9,425		
197	402	5,689	236,709		



Note 16 - Deferred Compensation Plan

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the state of Mississippi, state agencies, universities, counties, municipalities, or other political subdivisions, for which compensation is paid. The plan permits employees to defer a portion of their income until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held for the exclusive benefit of participants and their beneficiaries. The state has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

At June 30, 2000, total plan assets aggregated \$609,179,000 and are reported as an expendable trust fund. Of this amount, \$153,379,000 was applicable to the primary government; \$37,292,000 was applicable to the discretely presented component units, and the remaining \$418,508,000 represents the assets of other jurisdictions participating in the plan.

Note 17 - Retirement Plans

Plan Description

A. General

In accordance with state statutes, Public Employees' Retirement System (PERS) Board of Trustees (System) administers four defined benefit plans. The defined benefit plans are the PERS, a cost-sharing multiple-employer public employee retirement system established in 1953, Mississippi Highway Safety Patrol Retirement System (MHSPRS), a single-employer public employee retirement system established in 1958, the Municipal Retirement System (MRS), which are agent multiple-employer defined benefit public employee retirement systems composed of 19 separate municipal retirement and fire and police disability and relief systems, and Supplemental Legislative Retirement Plan (SLRP), a single-employer public employee retirement system established in fiscal year 1990. PERS also administers the Optional Retirement Plan (ORP), a defined contribution plan, but as explained in Note 17B, that plan is not part of the state's reporting entity.

PERS, MHSPRS, MRS and SLRP are considered part of the state of Mississippi's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the trust and agency fund type. The purpose of these plans is to provide pension benefits for all state employees, uniformed officers of the state highway patrol, other public employees whose employers have elected to participate, and elected members of the state legislature and the president of the senate. The System issues a Comprehensive Annual Financial Report, which includes PERS, MHSPRS, MRS and SLRP, that is available from Public Employees' Retirement System of Mississippi.

B. Membership and Benefit Provisions

Public Employees' Retirement System: Membership in PERS is a condition of employment; eligibility is granted upon hiring for all employees and officials of the state, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by the political subdivisions and instrumentalities of the state, membership is contingent upon approval of the entity's participation in the plan by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted upon hiring. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

Participating employees who retire at or after age 60 with four years of credited service or those who retire regardless of age with at least 25 years of credited service are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 1-7/8 percent of their average compensation for each year of credited service up to and including 10 years and 2 percent for each year of credited service from 10 through 25 years, plus 2 1/4 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of four years of credited service. PERS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

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A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to the greater of (a) 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55 or (b) 4 percent of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998. For the year ended June 30, 2000, the total additional annual payments were \$123,849,000.

Mississippi Highway Safety Patrol Retirement System: Membership in MHSPRS is a condition of employment; eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as uniformed officers of the highway patrol in the enforcement of the traffic laws of the state of Mississippi or in the driver's license division. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who withdraw from service at or after age 55 with at least five years of credited service, or after reaching age 45 with at least 20 years of creditable service, or with 25 years of service at any age are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2-1/2 percent of their average compensation during the four highest consecutive years of earnings reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. Benefits vest upon reaching five years of credited service. MHSPRS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the state incurs no expense for postretirement health benefits. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

Retirees and beneficiaries of MHSPRS receive an additional amount equal to 2 1/2 percent of the annual retirement allowance for each full fiscal year of retirement. The System's Board of Trustees may grant an additional percentage in increments of 1/4 percent, up to a maximum of 1 1/2 percent. For the year ended June 30, 2000, the total additional annual payments were \$3,833,000.

Municipal Retirement Systems: Membership in the two Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, firemen, and policemen who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. Employees hired after these periods automatically become members of PERS. MRS were fully closed to new members July 1, 1987. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and for the 17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.

For certain employers, the retirees and beneficiaries, who on December 1 of each year have been receiving a retirement allowance for at least one full fiscal year, may be entitled to an additional payment equal to the annual percentage change in the consumer price index not to exceed 2-1/2 percent of the annual retirement allowance for each full fiscal year of retirement. These additional payments will only be made when funded by the employers. For the year ended June 30, 2000, the total additional annual payments were \$726,000.

Supplemental Legislative Retirement Plan: Membership in SLRP is composed of all elected members of the state legislature and the president of the senate. This plan is designed to supplement the provisions of PERS. Those serving when the SLRP became effective on July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions plus interest.

The supplemental retirement allowance of an elected senator or representative of the state legislature or of the president of the senate consists of 50 percent of an amount equal to the retirement allowance determined by credited service payable by PERS. However, in no case shall the aggregate amount of an individual's retirement allowance from SLRP and PERS exceed 100 percent of the average compensation as defined by PERS. Benefits vest upon completion of four years of credited service. SLRP also provides certain death and disability benefits. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Annotated (1972), and may be amended only by the state legislature.

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Retirees and beneficiaries of SLRP may receive additional amounts identical to PERS' retirees and beneficiaries, as previously described. For the year ended June 30, 2000, the total additional annual payments were \$27,000.

Optional Retirement Plan: The membership of ORP is composed of teachers and administrators of the institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Membership in ORP is offered as a recruitment tool for the institutions of higher learning.

Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System shall provide for the administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the state of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the Systems reporting entity for financial reporting purposes.

C. Actuarial Asset Valuation

By statute, actuarial valuations of PERS, MHSPRS and SLRP must be performed at least once in each two-year period as of June 30, with the most recent being June 30, 2000. An actuarial valuation of MRS is required to be performed at least once in each four-year period as of September 30, with the most recent being September 30, 1999. All plans presently have actuarial valuations performed annually. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

D. Funding Policy and Annual Pension Costs

Contribution provisions for PERS, MHSPRS and SLRP are established by state statute and may be amended only by the state legislature. Contribution provisions for MRS are established by state statute, annual local and private legislation and may be amended only by the state legislature.

The following table provides information concerning funding policies and annual pension costs (amounts expressed in thousands):

	PERS	MHSPRS	MRS	SLRP
Contribution rates:				
State	9.75%	26.16%	N/A	6.33%
Other employers	N/A	N/A	.97 - 10.45 mills	N/A
Plan members	7.25%	6.50%	7.00 - 10.00%	3.00% *
Annual pension cost	\$ 361,889	\$ 5,182	\$ 13,803	\$ 373
Employer contributions made	\$ 407,700 ^	\$ 5,649	\$ 13,770	\$ 411
Actuarial valuation date	6/30/00	6/30/00	9/30/99	6/30/00
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll contributions, open	Level percentage of payroll contributions, open	Level dollar of assessed property valuation, closed	Level percentage of payroll contributions, open
Remaining amortization period	17.4 years	4.1 years	35 years	16.2 years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return	8.00%	8.00%	8.00%	8.00%
Projected salary increases**	4.00%	4.00%	4.00%	4.00%
Additional projected salary increases***	0.10% - 5.80%	1.50% - 6.20%	1.00%	1.00%
Increase in benefits after retirement	3.00% ~	2.50% @	2.50% - 3.75% #	3.00% ~

* In addition to 7.25% required by PERS.

** Compounded annually and attributable to inflation.

*** Compounded annually and attributable to seniority/merit.

@ Calculated on simple interest basis.

~ Calculated 3% simple interest to age 55, compounded each year thereafter. However, the adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

Varies depending on municipality.

^ Includes rent income and other revenues.



E. Three-Year Trend Information

The following table provides an analysis of funding progress for the last three fiscal years (amounts expressed in thousands):

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation *
PERS	6/30/98 \$	321,236	100% \$	0
	6/30/99	336,392	100%	0
	6/30/00	361,889	100%	0
MHSPRS	6/30/98	5,091	100%	0
	6/30/99	5,109	100%	0
	6/30/00	5,182	100%	0
MRS	9/30/97	20,674	345.1%	0
	9/30/98	14,727	96.4%	527
	9/30/99	13,803	99.8%	560
SLRP	6/30/98	334	100%	0
	6/30/99	371	100%	0
	6/30/00	373	100%	0

* The cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension liability (asset) at transition, and excluding short-term differences and unpaid contributions that have been converted to pension-related debt.

Note 18 - Commitments

A. Operating Leases

The state of Mississippi has entered into numerous agreements to lease land and buildings which are classified as operating leases. These agreements generally contain the provision that, at the expiration date of the lease, the state may renew the operating lease on a month-to-month basis. It is expected that in the normal course of business most of these leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases for land and buildings as of June 30, 2000 were as follows (amounts expressed in thousands):

Year Ending June 30	Amount
2001	\$ 13,243
2002	9,129
2003	6,404
2004	4,318
2005	1,755
Thereafter	3,162
Total Minimum Commitments	\$ 38,011

Expenditures for rental of land and buildings under operating leases for the year ended June 30, 2000 amounted to \$14,946,000.

B. Contracts

At June 30, 2000, the Department of Transportation had long-term contracts outstanding of approximately \$624,363,000 with performance continuing during fiscal year 2001. These contracts will be paid through the General Fund. Approximately 26 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific gasoline and gaming taxes.



The State Aid Road Division had long-term contracts of \$46,778,000 outstanding at June 30, 2000 for construction of state and county roads. These contracts will be paid through the General Fund. Approximately 49 percent of future expenditures related to these commitments are expected to be reimbursed from proceeds of federal grants when the actual costs are incurred. The remaining portion will be funded by specific tax levies.

The Office of Building, Grounds and Real Property Management had outstanding construction contracts of \$142,080,000 at June 30, 2000. These contracts will be paid from capital projects funds.

Certain discretely presented universities have contracted for the construction of various facilities. At June 30, 2000, contracts of \$91,455,000 were outstanding. These contracts will be paid through the university funds with proceeds from long-term financing and institutional funds.

Note 19 - Risk Management

The state has elected to finance most exposures to risk through the retention of risk. The exposures to risk retained by the state are health and life benefits, tort liability, unemployment benefits and workers' compensation benefits. The state utilizes the internal service Risk Management Fund to account for these activities.

Health and Life Benefits: The state has elected to manage the health benefit through the retention of all exposure. The life benefit is purchased from a commercial insurance company for death benefit distribution under tax law but management of the risk is accomplished by self insuring within an insured shell. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through this plan.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined using the development method. This method uses past observed patterns of time between claim incurral and payment to estimate incurred claims from available claims data. Liabilities are based on the estimated ultimate cost of settling the claims, including inflation and other factors, and provisions for estimated claims adjustment expenses. Although the health and life benefits accounts have deficits as described in Note 3A, the collection of premiums, based on an actuarial estimate, have provided an adequate cash flow for the payment of claims.

Tort Liability: The state manages tort claims through the retention of all liability exposure. The legislature created the Tort Claims Board to administer these claims beginning in fiscal year 1994. Statutory regulations provide some protection, as well as a limitation of liability, for claims filed against state agencies and state employees. There is some limited purchase of commercial insurance by state agencies for excess auto liability and other lines of coverage to fulfill some contractual requirements on out of state operations. There is purchase of insurance for protection of some fleet vehicles, some specified watercraft and specific fixed wing aircraft. In the last three years, settled claims have not exceeded commercial coverage.

Claims payments are financed through an annual assessment to all state agencies based on amount of payroll and past loss history. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, as well as the experience of similar programs in other states.

Unemployment Benefits: Unemployment benefits are established in statute and administered by the Mississippi Employment Security Commission. The state elects to manage the financial risk for state agencies through retention of all liability exposure. Benefits are financed through collection of premiums from agencies, which provides a stable cash flow for payment of claims.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments, adjusted for changes in covered payrolls.

Workers' Compensation Benefits: Workers' compensation benefits are established in statute and the rules and regulations are established by the Mississippi Workers' Compensation Commission and the Mississippi State Agencies Self-Insured Workers' Compensation Trust Board of Trustees. The exposure of risk is financed mostly through retention of all exposure, with limited purchase of commercial excess insurance. The benefits are financed through collection of premiums, based on an actuarial estimate, from agencies which provides a stable cash flow for claims payments. In the last three years, settled claims have not exceeded commercial coverage.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and include provisions for estimated claims adjustment expenses.



The following table provides a reconciliation of changes in the liabilities for claims for fiscal years 1999 and 2000 (amounts expressed in thousands):

	Health and Life		Unemployment		Workers' Compensation		Total Risk
	Benefits	Tort Claims	Benefits		Benefits		Management Fund
1999							
Beginning Balance	\$ 80,486	\$ 9,174	\$ 2,704	\$ 17,589	\$ 109,953		
Current Year Claims/Changes in Estimates	326,344	9,150	819	6,578	342,891		
Claims Payments	(338,495)	(6,128)	(715)	(4,337)	(349,675)		
Ending Balance	\$ 68,335	\$ 12,196	\$ 2,808	\$ 19,830	\$ 103,169		
2000							
Beginning Balance	\$ 68,335	\$ 12,196	\$ 2,808	\$ 19,830	\$ 103,169		
Current Year Claims/Changes in Estimates	343,285	5,162	923	11,911	361,281		
Claims Payments	(337,097)	(2,403)	(811)	(8,361)	(348,672)		
Ending Balance	\$ 74,523	\$ 14,955	\$ 2,920	\$ 23,380	\$ 115,778		

Note 20 - Component Unit Funds

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 2000, are as follows (amounts expressed in thousands):

Condensed Balance Sheet - Component Units

	Governmental Funds		Proprietary Funds			
	Pearl River Valley Water Supply District	Other	Mississippi Coast Coliseum Commission	Other	University	Total
Assets:						
Current assets	\$ 5,222	\$ 9,278	\$ 4,205	\$ 12,770	\$ 659,228	\$ 690,703
Due from other funds					60,467	60,467
Due from primary government				4 5	27,256	27,301
Inventories		37		724	19,180	19,941
Loans and notes receivables					89,269	89,269
Restricted assets		2,931	7,446			10,377
Property, plant and equipment	57,008	38,104	29,599	2,135	1,877,802	2,004,648
Other assets		500	130	28	15,024	15,682
Amounts to be provided	1,543	1,550				3,093
Total assets	\$ 63,773	\$ 52,400	\$ 41,380	\$ 15,702	\$ 2,748,226	\$ 2,921,481
Liabilities:						
Current liabilities	\$ 520	\$ 989	\$ 364	\$ 292	\$ 137,222	\$ 139,387
Due to other funds					60,467	60,467
Due to primary government				3	4,055	4,058
Deferred revenues		17			31,871	31,888
Liabilities payable from restricted assets			437			437
Bonds and notes payable		3,261			194,629	197,890
Other liabilities	1,543	210	229	254	65,150	67,386
Total liabilities	2,063	4,477	1,030	549	493,394	501,513
Equity:						
Investment in general fixed assets	48,615	35,247			1,655,623	1,739,485
Contributed capital	8,967	1,499	15,285	5,292		31,043
Retained earnings	2,754	1,559	25,065	9,861		39,239
Fund balances	1,374	9,618			599,209	610,201
Total equity	61,710	47,923	40,350	15,153	2,254,832	2,419,968
Total liabilities and equity	\$ 63,773	\$ 52,400	\$ 41,380	\$ 15,702	\$ 2,748,226	\$ 2,921,481



Condensed Statement of Revenues, Expenditures, and Changes in Fund Equity - Governmental Funds - Component Units

	Pearl River Valley Water Supply District	Other	Total
Revenues	\$ 4,224	\$ 5,744	\$ 9,968
Expenditures:			
Operating and other	4,296	5,307	9,603
Debt service	251	334	585
Excess of revenues over (under) expenditures	(323)	103	(220)
Transfer from primary government		4,878	4,878
Net income (loss) from proprietary operations	515	(557)	(42)
Net changes in equity	192	4,424	4,616
Fund equity July 1	3,936	6,753	10,689
Fund equity June 30	\$ 4,128	\$ 11,177	\$ 15,305

Condensed Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Funds - Component Units

	Mississippi Coast Coliseum Commission	Other	Total
Operating revenues	\$ 4,271	\$ 5,630	\$ 9,901
Operating expenses:			
Depreciation	960	231	1,191
Other	4,652	4,815	9,467
Operating income (loss)	(1,341)	584	(757)
Operating Transfers to primary government		(3)	(3)
Nonoperating revenues	976	574	1,550
Nonoperating expenses	(9)		(9)
Net income (loss)	(374)	1,155	781
Retained Earnings July 1	25,439	8,706	34,145
Retained Earnings June 30	\$ 25,065	\$ 9,861	\$ 34,926



Note 21 - Contingencies

- A. **Federal Grants** - The state has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.
- B. **Litigation** - The state is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the state with respect to the various proceedings; however, the state's legal counsel believes that any ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the state.

Note 22 - Subsequent Events

Subsequent to year end, the state issued the following bonds and notes:

Tax-exempt, General Obligation Bonds, Mississippi Small Enterprise Development Finance Act Issue, 2000 Series A through C totaling \$3,325,000 dated September 1, 2000. The bonds mature serially through the year 2015 at interest rates ranging from 4.7 percent to 6.5 percent.

Taxable, General Obligation Bonds, Mississippi Investment Act Issue, Series V, Mississippi Small Business Assistance Act Issue, Series D, Mississippi Farm Reform Act Issue, Series O, and Local Governments and Rural Water Systems Revolving Loan Program Issue, Series C totaling \$17,520,000 dated September 1, 2000. The bonds mature serially through the year 2010 at interest rates ranging from 7 percent to 7.125 percent.

Tax-exempt, General Obligation Notes, Mississippi Gaming Counties Highway Improvements Project Issue, Series 2000 totaling \$100,000,000 dated October 1, 2000. The notes mature October 1, 2001 at an interest rate of 5 percent payable on April 1, 2001 and October 1, 2001.

Tax-exempt, General Obligation Bonds, Capital Improvements Issue, Series 2000 totaling \$202,300,000 dated November 1, 2000. The bonds mature serially through the year 2020 at interest rates ranging from 5 percent to 5.75 percent.

Taxable, General Obligation Notes, Mississippi Major Economic Impact Issue, Series 2000 totaling \$50,000,000 dated December 1, 2000. The notes mature December 1, 2001 at an interest rate of 6.77 percent.

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Required Supplementary Information

June 30, 2000

Schedule of Funding Progress (Expressed in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
1998	\$ 11,058,602	\$ 13,004,063	\$ 1,945,461	85.0 %	\$ 3,450,176	56.4 %
1999	13,016,632	15,751,361	2,734,729	82.6	3,711,680	73.7
2000	14,899,074	18,052,096	3,153,022	82.5	4,090,596	77.1
Mississippi Highway Safety Patrol Retirement System						
1998	\$ 192,433	\$ 201,861	\$ 9,428	95.3 %	\$ 19,531	48.3 %
1999	219,866	221,757	1,891	99.1	19,808	9.5
2000	244,331	251,937	7,606	97.0	21,314	35.7
Municipal Retirement System*						
1997	\$ 197,815	\$ 358,428	\$ 160,613	55.2 %	\$ 11,874	1,352.6 %
1998	213,591	363,612	150,021	58.7	10,852	1,382.4
1999	235,222	369,118	133,896	63.7	9,440	1,418.4
Supplemental Legislative Retirement Plan						
1998	\$ 5,637	\$ 7,907	\$ 2,270	71.3 %	\$ 5,853	38.8 %
1999	6,954	8,931	1,977	77.9	5,894	33.6
2000	8,199	9,973	1,774	82.2	5,856	30.3

*Valuation information furnished for MRS is as of September 30. The value of net assets available for benefits at June 30, 2000, does not differ materially from the value as of September 30, 1999.

Notes to Schedule of Funding Progress

The actuarial accrued liability is a measure intended to help users assess the PERS, MHSPRS, MRS and SLRP funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the plan's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. For additional information regarding this schedule, refer to the separately issued Comprehensive Annual Financial Report of the Public Employees' Retirement System for 2000.



General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by state government which are not required to be accounted for in another fund.

General Fund

Balance Sheet

June 30, 2000 (Expressed in Thousands)

Assets:

Equity in internal investment pool	\$ 1,122,617
Cash and cash equivalents	120,206
Investments	466,495
Receivables, net:	
Taxes	427,276
Interest	11,877
Other	67,621
Due from other governments	605,006
Due from other funds	11,567
Due from component units	3,956
Food stamp and commodity inventory	28,928
Inventories	33,589
Loans and notes receivable	192,046
Other assets	7,407
Total Assets	\$ 3,098,591

Liabilities:

Warrants payable	\$ 127,117
Accounts payable and accruals	320,457
Contracts payable	64,752
Retainage payable	26,337
Income tax refunds payable	141,000
Due to other governments	193,000
Due to other funds	34,028
Due to component units	27,044
Deferred revenues	101,310
Total Liabilities	1,035,045

Fund Balance:

Reserved for:	
Encumbrances	46,695
Inventories	33,589
Long-term portion of loans and notes receivable	176,651
Long-term portion of due from other governments	311,437
Distribution to local governments	18,528
Ayers Endowment Trust	15,000
Unreserved:	
Designated for debt service	59,991
Designated for future loans	53,778
Designated for port improvements	9,462
Designated for road and highway construction	347,291
Designated for working cash stabilization reserve account	231,916
Designated for special treasury accounts	390,596
Undesignated	368,612
Total Fund Balance	2,063,546
Total Liabilities and Fund Balance	\$ 3,098,591

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General Fund

Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balance

For the Year Ended June 30, 2000 (Expressed in Thousands)

Revenues:

Taxes:

Sales and use	\$ 2,295,463
Gasoline and other motor fuel	402,818
Privilege	87,509
Motor vehicle registration	26,691
Individual income	1,007,752
Alcoholic beverage	45,826
Corporate income and franchise	293,658
Severance	26,388
Inheritance	22,183
Tobacco	56,544
Insurance	116,823
Nuclear power	21,959
Other	19,136

Licenses, fees and permits:

Gaming	212,723
User fees	13,473
Drivers' licenses	22,591
Other	62,135

Federal government

2,873,321

Interest

112,648

Charges for sales and services:

Intergovernmental	19,647
Non-state government	231,263

Rentals

7,858

Other

222,145

Total Revenues

8,200,554

Expenditures:

Current:

General government	1,034,840
Education	2,201,674
Health and social services	3,040,741
Law, justice and public safety	395,533
Recreation and resources development	196,047
Transportation	881,051

Debt service:

Principal	99,971
Interest and other fiscal charges	97,262

Total Expenditures

7,947,119

Excess of Revenues over Expenditures

253,435

Other Financing Sources (Uses):

Proceeds from bonds and notes issued	62,474
Proceeds from capital leases	1,564
Operating transfers in	65,005
Operating transfers out	(139,337)
Operating transfers from component units	851
Operating transfers to component units	(636,762)
Net Other Financing Uses	(646,205)

Excess of Revenues and Other Sources under Expenditures and Other Uses

(392,770)

Fund Balance July 1, as restated

2,454,945

Increase in Reserve for Inventories

1,371

Fund Balance June 30

\$ 2,063,546



General Fund

Schedule of Current Expenditures by Function and Department

For the Year Ended June 30, 2000 (Expressed in Thousands)

General Government:

Legislative (includes Legislative Budget Office and Legislative Office of Performance Evaluation and Expenditure Review)	\$ 20,052
Governor's Office and Mansion	3,183
Secretary of State	7,622
Department of Audit	10,438
Department of Finance and Administration	30,420
Treasurer	2,990
Tax Commission	260,024
Department of Archives and History	8,127
Department of Insurance	6,359
Diversion to Counties and Cities	671,538
Gaming Commission	10,331
Other	3,756
Total General Government	1,034,840

Education:

Department of Education	1,969,945
Junior Colleges	205,922
Educational Television Authority	12,517
Library Commission	13,290
Total Education	2,201,674

Health and Social Services:

Department of Health	195,987
Division of Medicaid (Governor's Office)	1,812,846
Department of Mental Health and Related Institutions	404,182
Department of Human Services	555,281
Department of Rehabilitation Services	45,647
Other	26,798
Total Health and Social Services	3,040,741

Law, Justice and Public Safety:

Attorney General	15,759
Circuit and Chancery Judges and District Attorneys	12,615
Department of Corrections	239,328
Military Department	12,031
Department of Public Safety	65,705
Bureau of Narcotics	13,385
Supreme Court	33,147
Other	3,563
Total Law, Justice and Public Safety	395,533

Recreation and Resources Development:

Department of Agriculture and Commerce	13,660
Department of Economic and Community Development	91,589
Forestry Commission	34,262
Department of Environmental Quality	45,802
Department of Wildlife, Fisheries and Parks	7,947
Other	2,787
Total Recreation and Resources Development	196,047

Transportation:

Department of Transportation	881,051
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Total Expenditures by Function and Department	\$ 7,749,886
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Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Significant Special Revenue Funds Descriptions

The numerous special revenue funds used by the state have been grouped by organizational unit and combined into specific functions.

Health and Social Services

Health Care - The **Health Care Fund** accounts for monies received from the settlement of a lawsuit against tobacco companies by the state. The principal and income derived from investment are expended exclusively for health care purposes by various agencies.

Department of Rehabilitation Services - The **Rehabilitation Services Fund** accounts for federal and state monies used to provide vocational rehabilitation programs for the blind. The **Disability Determination Fund** accounts for funds received from the federal government for the specific purpose of evaluating applicants for Social Security benefits consistent with laws and regulations pertaining to disability eligibility.

Employment Security Commission - The **Employment Services Fund** accounts for monies received from the federal government for administering the Unemployment Compensation Act.

Department of Mental Health - The **Alcohol Abuse Program Fund** accounts for a three percent tax on alcoholic beverages collected by and transferred from the General Fund for the purpose of administering alcohol abuse treatment and rehabilitation programs. Expenditures consist primarily of grants for regional alcohol treatment programs, vocational rehabilitation services, inpatient treatment programs and alcohol rehabilitation programs for the Department of Corrections.

Law, Justice and Public Safety

Department of Corrections - The **Community Services Fund** provides alternative diversionary programs which subject individuals to the minimum supervision and control that the inmate requires in lieu of incarceration within the penitentiary. Revenue is provided by probation release fees.

Department of Public Safety - The **Public Safety Planning Fund** accounts for federal grant monies received to provide for criminal justice planning, national highway traffic safety and drug-free communities.

Military Department - The **National Guard Facility and Training Fund** accounts for monies received from the federal government to maintain, expand, and improve facilities within the state and to pay the salaries of state employees working at training sites. The **Camp Shelby Operations Fund** accounts for federal monies received for the specific purpose of training troops. The fund also accounts for funds received from sale of timber, mineral leases on lands, and store sales. Expenditures are for the maintenance of Camp Shelby.



Emergency Management - The **Emergency Management Fund** accounts for grant monies received from the federal government and transfers from the General Fund. Expenditures are restricted by the various grant agreements but all pertain to emergency management programs and their administration.

Recreation and Resources Development

Department of Agriculture and Commerce - The **Rice and Soybean Promotion Fund** accounts for fees charged for the sale of rice and soybeans. This revenue is expended to promote the rice and soybean industries, through research, education and advertising.

Department of Economic and Community Development - The **Community Development Fund** accounts for federal grant monies received to provide various community development programs including job development and training. The **Energy Conservation Fund** accounts for state and federal monies and other revenues used to coordinate the state's energy activities, needs, and programs.

Department of Wildlife, Fisheries and Parks - The **Fisheries and Wildlife Fund** accounts for expenditures of enforcing laws for the preservation and protection of the state's wildlife resources and enhancing their environments. Additional responsibilities and expenses of this fund are enforcement of boating safety on state lakes and streams and enforcement of hunter safety. The Fisheries and Wildlife Fund also shares in administrative costs of the Department of Wildlife, Fisheries and Parks through operating transfers to the administrative fund. Revenues are derived from the sale of hunting and fishing licenses, fees and permits, taxes and federal grants. The **Parks and Recreation Fund** accounts for expenditures to support the varied activities to promote, operate and maintain the twenty-nine park sites located throughout the state. Funding is provided by user fees, federal grants and transfers from the General Fund. The **Motor Vehicle Fund** accounts for the purchase of motor vehicles for the Department of Wildlife, Fisheries and Parks. Funding is provided primarily by eight percent of the proceeds from the sale of hunting and fishing licenses, fees and permits.

Department of Marine Resources - The **Marine Resources Fund** accounts for expenditures of conserving and protecting marine resources and of administering coastal zone, liaison and statistical programs as directed by the National Office of Marine Fisheries. Funding is provided by transfers from the General Fund and by federal grants.

Regulation of Business and Professions

Public Service Commission - The **Public Service Commission Fund** accounts for the costs of regulating all for-hire transportation and communication, electric, gas, water and sewer utilities. Revenue is derived principally from motor carrier application and registration fees and utilities tax assessments.

Workers' Compensation Commission - The **Workers' Compensation Commission Fund** accounts for expenditures relating to administering the provisions of the Mississippi Workers' Compensation Law, which include cooperating with other state and federal authorities for the prevention of injuries and occupational diseases and, in the event of such injuries and diseases, coordinating the rehabilitation or restoration to health and vocational opportunity of the affected worker.

Department of Banking and Consumer Finance - The **Banking and Consumer Finance Fund** accounts for assessment fees charged to banks to fund the regulation and supervision of banks operating within the state. This fund also accounts for funds collected in the examining and licensing of motor vehicle finance organizations and small loan organizations.

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Oil and Gas Board - The **Oil and Gas Board Fund** accounts for fees imposed on producing wells, drilling and operations. Funds are used to protect public and private interests against waste in the production and use of oil and gas, to obtain full development in oil production within the state and to maintain records of all oil and gas wells drilled and producing.

Other Regulatory Agencies - The **Other Regulatory Agencies Fund** provides for the control and regulation of various professions by boards and commissions established for this purpose. Revenue is provided by examination and license renewal fees. Each board or commission has its own account within this fund to account for its operation.



Special Revenue Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Assets:					
Equity in internal investment pool	\$ 40,419	\$ 17,838	\$ 26,152	\$ 36,205	\$ 120,614
Cash and cash equivalents	12,320	3,575	2,119	2,919	20,933
Investments	467,813	150	18,338	2,300	488,601
Receivables, net:					
Interest and dividends	2,825	1	124	14	2,964
Other	269	572	1,717	338	2,896
Due from other governments	1,266	14,326	19,650	876	36,118
Due from other funds	2,446	416	9,078	4,867	16,807
Inventories	84	1,103	315		1,502
Loans receivable, net			524		524
Total Assets	\$ 527,442	\$ 37,981	\$ 78,017	\$ 47,519	\$ 690,959
Liabilities:					
Warrants payable	\$ 6,115	\$ 3,244	\$ 5,734	\$ 961	\$ 16,054
Accounts payable and accruals	1,895	4,127	1,978	171	8,171
Due to other governments	226	1,297	2,863		4,386
Due to other funds	3,081	372	1,479	64	4,996
Due to component units	41	133	83		257
Deferred revenues	210	6,588	3,563		10,361
Loans from other funds	21				21
Other liabilities				260	260
Total Liabilities	11,589	15,761	15,700	1,456	44,506
Fund Balances:					
Reserved for:					
Encumbrances	3,645	3,981	1,484	338	9,448
Inventories	84	1,103	315		1,502
Long-term portion of loans receivable			338		338
Long-term portion of due from other governments			9,910		9,910
Unreserved:					
Designated for health care	507,528				507,528
Designated for juvenile detention facilities		1,246			1,246
Designated for future loans			2,875		2,875
Designated for energy programs			5,790		5,790
Undesignated	4,596	15,890	41,605	45,725	107,816
Total Fund Balances	515,853	22,220	62,317	46,063	646,453
Total Liabilities and Fund Balances	\$ 527,442	\$ 37,981	\$ 78,017	\$ 47,519	\$ 690,959

MISSISSIPPI

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Health and Social Services	Law, Justice and Public Safety	Recreation and Resources Development	Regulation of Business and Professions	Totals
Revenues:					
Taxes	\$	\$	\$ 8,800	\$	\$ 8,800
Licenses, fees and permits	293	4,700	24,282	30,783	60,058
Federal government	52,000	67,777	103,481	1,434	224,692
Interest and other investment income, net	35,578	379	2,205	268	38,430
Charges for services	1,550	414	4,032	70	6,066
Rentals			5,038		5,038
Court assessments and settlements	199,506		286		199,792
Other	4,239	5,567	756	476	11,038
Total Revenues	293,166	78,837	148,880	33,031	553,914
Expenditures:					
Current:					
Health and social services	97,983				97,983
Law, justice and public safety		75,911			75,911
Recreation and resources development			138,619		138,619
Regulation of business and professions				27,864	27,864
Debt service:					
Principal		421			421
Interest		41			41
Total Expenditures	97,983	76,373	138,619	27,864	340,839
Excess of Revenues over Expenditures	195,183	2,464	10,261	5,167	213,075
Other Financing Sources (Uses):					
Operating transfers in	14,348	6,038	14,158	29	34,573
Operating transfers out	(3,624)	(6,600)	(19,686)	(604)	(30,514)
Operating transfers to component units		(1,233)	(2,343)		(3,576)
Net Other Financing Sources (Uses)	10,724	(1,795)	(7,871)	(575)	483
Excess of Revenues and Other Sources over Expenditures and Other Uses	205,907	669	2,390	4,592	213,558
Fund Balances July 1, as restated	309,946	21,412	59,963	41,471	432,792
Increase (Decrease) in Reserve for Inventories		139	(36)		103
Fund Balances June 30	\$ 515,853	\$ 22,220	\$ 62,317	\$ 46,063	\$ 646,453

Special Revenue Funds

Combining Balance Sheet Health and Social Services

June 30, 2000 (Expressed in Thousands)

	Health Care	Department of Rehabilitation Services	
		Rehabilitation Services	Disability Determination
Assets:			
Equity in internal investment pool	\$ 32,658	\$	\$ 4,029
Cash and cash equivalents	11,826		5
Investments	467,708	105	
Receivables, net:			
Interest and dividends	2,824	1	
Other			3
Due from other governments			964
Due from other funds		396	21
Inventories			
Total Assets	\$ 515,016	\$ 502	\$ 5,022
Liabilities:			
Warrants payable	\$ 4,304	\$	\$ 747
Accounts payable and accruals	590		466
Due to other governments			13
Due to other funds	2,571		54
Due to component units			
Deferred revenues			16
Loans from other funds			
Total Liabilities	7,465		1,296
Fund Balances:			
Reserved for:			
Encumbrances	23		74
Inventories			
Unreserved:			
Designated for health care	507,528		
Undesignated (deficit)		502	3,652
Total Fund Balances	507,551	502	3,726
Total Liabilities and Fund Balances	\$ 515,016	\$ 502	\$ 5,022

Employment Security Commission		Department of Mental Health		
Employment Services		Alcohol Abuse Program	Social Services	Totals
\$ 2,986	\$ 746	\$ 350	\$ 40,419	
139			12,320	
			467,813	
			2,825	
138		128	269	
302			1,266	
1,706	323		2,446	
84			84	
\$ 5,355	\$ 1,069	\$ 478	\$ 527,442	
\$ 1,017	\$ 47	\$ 24	\$ 6,115	
524	291		1,895	
213			226	
191	252	13	3,081	
41			41	
194			210	
21			21	
2,201	590	37	11,589	
3,548			3,645	
84			84	
			507,528	
(478)	479	441	4,596	
3,154	479	441	515,853	
\$ 5,355	\$ 1,069	\$ 478	\$ 527,442	

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Health and Social Services

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Health Care	Department of Rehabilitation Services	
		Rehabilitation Services	Disability Determination
Revenues:			
Licenses, fees and permits	\$	\$	\$
Federal government		261	19,024
Interest and other investment income, net	35,396	9	155
Charges for services		134	172
Court assessments and settlements	199,506		
Other		91	2,057
Total Revenues	234,902	495	21,408
Expenditures:			
Health and social services	27,813	403	20,254
Excess of Revenues over (under) Expenditures	207,089	92	1,154
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out	(1,661)	(17)	(725)
Net Other Financing Sources (Uses)	(1,661)	(17)	(725)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	205,428	75	429
Fund Balances July 1	302,123	427	3,297
Fund Balances June 30	\$ 507,551	\$ 502	\$ 3,726

Employment Security Commission		Department of Mental Health		
Employment Services		Alcohol Abuse Program	Social Services	Totals
\$	\$	\$	293	\$ 293
32,715				52,000
4			14	35,578
			1,244	1,550
				199,506
2,091				4,239
34,810			1,551	293,166
45,071		2,983	1,459	97,983
(10,261)		(2,983)	92	195,183
10,264		4,084		14,348
(169)		(985)	(67)	(3,624)
10,095		3,099	(67)	10,724
(166)		116	25	205,907
3,320		363	416	309,946
\$ 3,154	\$	479	\$ 441	\$ 515,853

Special Revenue Funds

Combining Balance Sheet Law, Justice and Public Safety June 30, 2000 (Expressed in Thousands)

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
Assets:				
Equity in internal investment pool	\$ 47	\$ 3,240	\$ 90	\$ 3,884
Cash and cash equivalents		211	1,663	
Investments				
Receivables, net:				
Interest				
Other		2	229	341
Due from other governments	1			1,774
Due from other funds	3	82	331	
Inventories				
Total Assets	\$ 51	\$ 3,535	\$ 2,313	\$ 5,999
Liabilities:				
Warrants payable	\$ 42	\$ 133	\$ 29	\$ 1,551
Accounts payable and accruals	11	61	20	1,105
Due to other governments			1	
Due to other funds			148	221
Due to component units				133
Deferred revenues				900
Total Liabilities	53	194	198	3,910
Fund Balances:				
Reserved for:				
Encumbrances	4	74	177	63
Inventories				
Unreserved:				
Designated for juvenile detention facilities				1,246
Undesignated (deficits)	(6)	3,267	1,938	780
Total Fund Balances (Deficit)	(2)	3,341	2,115	2,089
Total Liabilities and Fund Balances	\$ 51	\$ 3,535	\$ 2,313	\$ 5,999

Military Department					
	National Guard Facility and Training	Camp Shelby Operations	Emergency Management	Other	Totals
\$	1,199	\$ 412	\$ 8,478	\$ 488	\$ 17,838
		375		1,326	3,575
		150			150
		1			1
					572
	6,668	5,047	836		14,326
					416
	1,103				1,103
\$	8,970	\$ 5,985	\$ 9,314	\$ 1,814	\$ 37,981
\$	891	\$ 274	\$ 324	\$	3,244
	2,094	541	66	229	4,127
	12		1,284		1,297
			3		372
					133
	2,153	3,482	53		6,588
	5,150	4,297	1,730	229	15,761
	3,381	241	41		3,981
	1,103				1,103
					1,246
	(664)	1,447	7,543	1,585	15,890
	3,820	1,688	7,584	1,585	22,220
\$	8,970	\$ 5,985	\$ 9,314	\$ 1,814	\$ 37,981

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Law, Justice and Public Safety

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Attorney General	Department of Corrections		Department of Public Safety
	Medicaid Fraud	Community Services	Inmate Welfare and Training	Public Safety Planning
Revenues:				
Licenses, fees and permits	\$	\$ 4,321	\$	\$
Federal government	1,148			14,720
Interest		7	24	3
Charges for services				
Other		205	3,647	595
Total Revenues	1,148	4,533	3,671	15,318
Expenditures:				
Current:				
Law, justice and public safety	1,424	3,048	1,742	13,832
Debt service:				
Principal		35	386	
Interest			41	
Total Expenditures	1,424	3,083	2,169	13,832
Excess of Revenues over (under) Expenditures	(276)	1,450	1,502	1,486
Other Financing Sources (Uses):				
Operating transfers in	274	314	1,029	520
Operating transfers out		(1,112)	(2,012)	(2,058)
Operating transfers to component units				(1,231)
Net Other Financing Sources (Uses)	274	(798)	(983)	(2,769)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(2)	652	519	(1,283)
Fund Balances July 1		2,689	1,596	3,372
Increase (Decrease) in Reserve for Inventories				
Fund Balances (Deficit) June 30	\$ (2)	\$ 3,341	\$ 2,115	\$ 2,089

Military Department					
National Guard		Camp Shelby Operations	Emergency Management	Other	Totals
Facility and Training					
\$	\$	\$	8 \$	371 \$	4,700
21,294	9,988	20,627			67,777
	21	301		23	379
4	408	2			414
59	41	756		264	5,567
21,357	10,458	21,694		658	78,837
22,100	10,127	23,638			75,911
					421
					41
22,100	10,127	23,638			76,373
(743)	331	(1,944)		658	2,464
828	3	3,070			6,038
	(1)	(296)	(1,121)		(6,600)
		(2)			(1,233)
828	2	2,772	(1,121)		(1,795)
85	333	828	(463)		669
2,632	2,319	6,756	2,048		21,412
1,103	(964)				139
\$ 3,820	\$ 1,688	\$ 7,584	\$ 1,585	\$	22,220

Special Revenue Funds

Combining Balance Sheet Recreation and Resources Development June 30, 2000 (Expressed in Thousands)

	Department of Agriculture and Commerce	Department of Economic and Community Development	State Treasurer
	Rice and Soybean Promotion	Community Development Energy Conservation Other	Court Assessments and Settlements
Assets:			
Equity in internal investment pool	\$ 1,000	\$ 2,127	\$ 4,174
Cash and cash equivalents	420		18
Investments	750		63
Receivables, net:			278
Interest	2	71	31
Other	294	1,404	5
Due from other governments		18,946	5
Due from other funds		159	
Inventories			
Loans receivable, net			524
Total Assets	\$ 2,466	\$ 22,707	\$ 13,882
			\$ 363
			\$ 280
Liabilities:			
Warrants payable	\$	\$ 3,477	\$ 34
Accounts payable and accruals		726	26
Due to other governments		2,848	
Due to other funds		1,418	15
Due to component units			
Deferred revenues		1,442	
Total Liabilities		9,911	75
Fund Balances:			
Reserved for:			
Encumbrances		3	17
Inventories			
Long-term portion of loans receivable			338
Long-term portion of due from other governments		9,910	
Unreserved:			
Designated for future loans		2,875	
Designated for energy programs			5,790
Undesignated	2,466	8	7,662
Total Fund Balances	2,466	12,796	13,807
			363
Total Liabilities and Fund Balances	\$ 2,466	\$ 22,707	\$ 13,882
			\$ 363
			\$ 280

Department of Wildlife, Fisheries and Parks

Department of Wildlife, Fisheries and Parks				Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		
\$ 7,657	\$ 3,133	\$ 843	\$ 1,330	\$ 5,870	\$ 26,152
503	312	7	796	18	2,119
3,000	200	175	4,713		18,338
11	1	1			124
10				4	1,717
351				150	19,650
5,750			119	3,050	9,078
131	184				315
					524
\$ 17,413	\$ 3,830	\$ 1,026	\$ 6,958	\$ 9,092	\$ 78,017
\$ 1,060	\$ 899	\$	\$	\$ 264	\$ 5,734
574	510			142	1,978
	2			13	2,863
42	1			3	1,479
				83	83
1,984		102		35	3,563
3,660	1,412	102		540	15,700
533	197	1		733	1,484
131	184				315
					338
					9,910
					2,875
					5,790
13,089	2,037	923	6,958	7,819	41,605
13,753	2,418	924	6,958	8,552	62,317
\$ 17,413	\$ 3,830	\$ 1,026	\$ 6,958	\$ 9,092	\$ 78,017

Special Revenue Funds

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances Recreation and Resources Development For the Year Ended June 30, 2000 (Expressed in Thousands)

	Department of Agriculture and Commerce	Department of Economic and Community Development			State Treasurer
	Rice and Soybean Promotion	Community Development	Energy Conservation	Other	Court Assessments and Settlements
Revenues:					
Taxes	\$	\$	\$	\$	\$
Licenses, fees and permits	1,900			5	
Federal government		92,960	534		
Interest	53	483	707	15	16
Charges for services	1,161	21		174	
Rentals					
Court assessments and settlements					270
Other		184	1		
Total Revenues	3,114	93,648	1,242	194	286
Expenditures:					
Recreation and resources development	3,117	75,665	1,668	187	
Excess of Revenues over (under) Expenditures	(3)	17,983	(426)	7	286
Other Financing Sources (Uses):					
Operating transfers in	49	21	1,850	5	
Operating transfers out	(13)	(17,231)	(57)		(1,849)
Operating transfers to component units		(297)			
Net Other Financing Sources (Uses)	36	(17,507)	1,793	5	(1,849)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	33	476	1,367	12	(1,563)
Fund Balances July 1, as restated	2,433	12,320	12,440	351	1,843
Decrease in Reserve for Inventories					
Fund Balances June 30	\$ 2,466	\$ 12,796	\$ 13,807	\$ 363	\$ 280

Department of Wildlife, Fisheries and Parks				Department of Marine Resources	Totals
Fisheries and Wildlife	Parks and Recreation	Motor Vehicle	Other		
\$ 5,750	\$	\$	\$	\$ 3,050	\$ 8,800
12,086	8,125	933	414	819	24,282
7,632	308			2,047	103,481
494	78	59	300		2,205
1,019	44	528	706	379	4,032
69	47			4,922	5,038
	16				286
388	123		31	29	756
27,438	8,741	1,520	1,451	11,246	148,880
26,166	16,760	1,555	652	12,849	138,619
1,272	(8,019)	(35)	799	(1,603)	10,261
	9,529			2,704	14,158
(333)	(100)		(100)	(3)	(19,686)
			(2,046)		(2,343)
(333)	9,429		(2,146)	2,701	(7,871)
939	1,410	(35)	(1,347)	1,098	2,390
12,820	1,038	959	8,305	7,454	59,963
(6)	(30)				(36)
\$ 13,753	\$ 2,418	\$ 924	\$ 6,958	\$ 8,552	\$ 62,317

Special Revenue Funds

Combining Balance Sheet Regulation of Business and Professions June 30, 2000 (Expressed in Thousands)

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Assets:			
Equity in internal investment pool	\$ 15,466	\$ 1,500	\$ 3,912
Cash and cash equivalents		2,800	
Investments		2,300	
Receivables, net:			
Interest		14	
Other	6	302	6
Due from other governments	876		
Due from other funds	4,867		
Total Assets	\$ 21,215	\$ 6,916	\$ 3,918
Liabilities:			
Warrants payable	\$ 288	\$ 187	\$ 111
Accounts payable and accruals	127	39	
Due to other funds	12	1	19
Other liabilities		260	
Total Liabilities	427	487	130
Fund Balances:			
Reserved for:			
Encumbrances	45	1	
Unreserved:			
Undesignated	20,743	6,428	3,788
Total Fund Balances	20,788	6,429	3,788
Total Liabilities and Fund Balances	\$ 21,215	\$ 6,916	\$ 3,918

Oil and Gas Board	Other Regulatory Agencies	Totals
\$ 2,515	\$ 12,812	\$ 36,205
	119	2,919
		2,300
		14
13	11	338
		876
		4,867
<hr/>	<hr/>	<hr/>
\$ 2,528	\$ 12,942	\$ 47,519
<hr/>	<hr/>	<hr/>
\$ 81	\$ 294	\$ 961
1	4	171
	32	64
		260
<hr/>	<hr/>	<hr/>
82	330	1,456
<hr/>	<hr/>	<hr/>
	292	338
2,446	12,320	45,725
<hr/>	<hr/>	<hr/>
2,446	12,612	46,063
<hr/>	<hr/>	<hr/>
\$ 2,528	\$ 12,942	\$ 47,519
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Special Revenue Funds

**Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses,
and Changes in Fund Balances
Regulation of Business and Professions
For the Year Ended June 30, 2000 (Expressed in Thousands)**

	Public Service Commission	Workers' Compensation Commission	Department of Banking and Consumer Finance
Revenues:			
Licenses, fees and permits	\$ 9,558	\$ 4,376	\$ 3,883
Federal government	1,216		
Interest		192	
Charges for services	34	36	
Other	29	1	
Total Revenues	10,837	4,605	3,883
Expenditures:			
Regulation of business and professions	9,244	4,430	2,821
Excess of Revenues over Expenditures	1,593	175	1,062
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out	(453)	(150)	
Net Other Financing Sources (Uses)	(453)	(150)	
Excess of Revenues and Other Sources over Expenditures and Other Uses	1,140	25	1,062
Fund Balances July 1	19,648	6,404	2,726
Fund Balances June 30	\$ 20,788	\$ 6,429	\$ 3,788

Oil and Gas Board		Other Regulatory Agencies	Totals
\$	2,150	\$ 10,816	\$ 30,783
	218		1,434
		76	268
			70
		446	476
	2,368	11,338	33,031
	1,805	9,564	27,864
	563	1,774	5,167
		29	29
		(1)	(604)
		28	(575)
	563	1,802	4,592
	1,883	10,810	41,471
\$	2,446	\$ 12,612	\$ 46,063



Enterprise Funds

Enterprise funds account for the operations of the state that provide goods or services to the general public on a user charge basis.

Enterprise Funds Descriptions

Fair Commission - The **Fair Commission Fund** accounts for expenses of the Fair Commission's operation of the coliseum, Dixie National Livestock Show and Industrial Showcase Building, including payment of maturing bond interest and principal. Funding sources include gross receipts from the state fair, livestock show, Industrial Building and other events conducted at the coliseum and fairgrounds, as well as operating transfers from the General Fund and proceeds from bond issues.

Veterans' Home Purchase Board - The **Veterans' Home Purchase Board Fund** provides home mortgage loans to qualified Mississippi veterans and accounts for administrative expenses of the Veterans' Home Purchase Board. Revenue is derived from interest earned on loans.

Veterans' Memorial Stadium Commission - The **Veterans' Memorial Stadium Commission Fund** accounts for operations of the Veterans' Memorial Stadium in Jackson. Funding is provided by admission fees and concessions.

Port Authority at Gulfport - The **Port Authority at Gulfport Fund** accounts for operations of a public port providing facilities for foreign and domestic trade. Funding is provided by gross receipts from port operations, proceeds from bond issues and interest income. Expenses include port operation, construction and the payment of maturing bond interest and principal.

Yellow Creek Inland Port Authority - The **Yellow Creek Inland Port Authority Fund** accounts for operations of a public port facility at the conjunction of the Tennessee River and Yellow Creek in Tishomingo County, Mississippi. All costs of operating this port are accounted for in this fund, including construction costs and the payment of maturing bond interest and principal. Funding is provided by gross receipts from port operations, proceeds from bond issues and interest income.

Department of Rehabilitation Services - The **Allied Enterprises Fund** accounts for a statewide system of sheltered workshop facilities through which handicapped citizens receive work experience to prepare them for employment outside the Allied Enterprises setting. Revenue is generated from the sale of goods and services and operating transfers from the rehabilitation services fund.

State Treasurer - The **Prepaid Affordable College Tuition Fund** accounts for operations of a prepaid college tuition program. Funding is provided by the purchasers' specified actuarially determined payments and interest on investments.

Other Enterprise Operations

Department of Agriculture and Commerce - The **Farmers' Central Market Board Fund** accounts for the construction, maintenance and operation of facilities for processing, storing and marketing agricultural products. Funding is derived from rental income. The **Agriculture and Forestry Museum Fund** accounts for operations of the museum. Revenue is generated from the sale of goods, ticket sales and rental income.

Department of Finance and Administration - The **Office of Surplus Property Fund** receives and maintains an inventory of surplus federal property and redistributes it to state agencies and departments, counties, municipalities and other eligible donees within the state. Fees are collected from the donees to offset operating costs.

Department of Corrections - The **Restaurants Fund** accounts for operations of two restaurants maintained for the convenience of Department of Corrections penitentiary employees. The **Commissary Fund** accounts for operations of the commissary. Profits are used for the special benefit of the penitentiary's residents. The **Prison Agricultural Enterprises Fund** accounts for a farming operation. Revenue sources include proceeds from the sale of row crops and rental income from leased land.



All Enterprise Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Assets:			
Current assets:			
Equity in internal investment pool	\$ 1,347	\$ 8,499	\$ 79
Cash and cash equivalents	108	11	18
Investments			324
Receivables, net:			
Accounts	222	13	
Interest and dividends		488	5
Due from other governments		6	
Due from other funds	7		
Inventories			
Prepaid items			
Loans and notes receivable, current portion		4,018	
Total Current Assets	1,684	13,035	426
Restricted assets:			
Equity in internal investment pool			
Cash and cash equivalents			
Investments			
Interest receivable, net			
Total Restricted Assets			
Loans and notes receivable, net of current portion		107,212	
Fixed Assets:			
Land	945	226	143
Buildings and improvements, net	8,938	1,583	891
Machinery and equipment, net	137	195	186
Construction in progress			
Total Fixed Assets	10,020	2,004	1,220
Total Assets	\$ 11,704	\$ 122,251	\$ 1,646

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$ 4	\$	\$	\$ 283	\$ 2,826	\$ 13,038
3,862	1,251	4,030	1,645	523	11,448
25,268	3,805		61,307		90,704
1,260	166	1,271	10	37	2,979
59	45		356		953
		215		115	121
		254		648	870
85	21			754	1,008
2				2	108
					4,020
30,540	5,288	5,770	63,601	4,905	125,249
1,406					1,406
647					647
35,202					35,202
8					8
37,263					37,263
19					107,231
7,362	2,198			1,828	12,702
59,140	4,699			5,934	81,185
1,389	1,037		22	2,038	5,004
12,031	3,581				15,612
79,922	11,515		22	9,800	114,503
\$ 147,744	\$ 16,803	\$ 5,770	\$ 63,623	\$ 14,705	\$ 384,246

(Continued on Next Page)

All Enterprise Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Liabilities:			
Current Liabilities:			
Warrants payable	\$ 66	\$ 696	\$ 15
Accounts payable and accruals	161	359	21
Retainage payable			
Due to other governments, current portion	3		
Due to other funds	127	2	
Customer deposits		880	
Tuition benefits payable, current portion			
Current portion of long-term general obligation bonds			
Current portion of long-term revenue bonds	105		
Deferred revenues		1	
Notes payable			
Lease obligations payable, current portion			
Total Current Liabilities	462	1,938	36
Current Liabilities Payable from Restricted Assets:			
Accounts payable and accruals			
Customer deposits			
Total Current Liabilities Payable from Restricted Assets			
Long-Term Liabilities:			
Due to other governments, net of current portion			
Tuition benefits payable, net of current portion			
General obligation bonds payable, net of current portion and unamortized discount			
Revenue bonds payable, net of current portion and unamortized discount	670		
Lease obligations payable, net of current portion			
Total Long-Term Liabilities	670		
Total Liabilities	1,132	1,938	36
Fund Equity:			
Contributed capital	5,946	9,826	3,170
Retained earnings:			
Reserved for bond retirement			
Unreserved (deficit)	4,626	110,487	(1,560)
Total Fund Equity	10,572	120,313	1,610
Total Liabilities and Fund Equity	\$ 11,704	\$ 122,251	\$ 1,646

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$	\$	\$	\$	\$	\$
1,612	32	98	34 486	182 984	993 3,753
806					806
2,599					2,602
4				455	588
					880
			2,605		2,605
5,467					5,467
					105
		270			271
				30	30
				56	56
10,488	32	368	3,125	1,707	18,156
763					763
134					134
897					897
	9,251				9,251
			60,239		60,239
58,150					58,150
					670
				174	174
58,150	9,251		60,239	174	128,484
69,535	9,283	368	63,364	1,881	147,537
11,467	1,191			4,668	36,268
459					459
66,283	6,329	5,402	259	8,156	199,982
78,209	7,520	5,402	259	12,824	236,709
\$ 147,744	\$ 16,803	\$ 5,770	\$ 63,623	\$ 14,705	\$ 384,246



All Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Operating Revenues:			
Charges for sales and services	\$ 3,748	\$ 6,573	\$ 1,303
Interest and other investment income, net			
Rentals			
Fees		46	
Other	129	7	4
Total Operating Revenues	3,877	6,626	1,307
Operating Expenses:			
Cost of sales and services			
General and administrative	1,220	539	284
Contractual services	2,272	227	963
Commodities	247	42	53
Depreciation	361	26	257
Tuition benefit payments			
Excess of present value of related benefits payable over tuition receipts			
Other	1	71	
Total Operating Expenses	4,101	905	1,557
Operating Income (Loss)	(224)	5,721	(250)
Nonoperating Revenues:			
Gain on disposal of assets	5		
Revenue from counties			
Interest and other investment income, net	4	498	26
Other	36		
Total Nonoperating Revenues	45	498	26
Nonoperating Expenses:			
Loss on disposal of assets	3		1
Interest and other fiscal charges	76		
Total Nonoperating Expenses	79		1
Income (Loss) Before Operating Transfers	(258)	6,219	(225)
Operating Transfers In			
Operating Transfers Out	(12)		
Net Income (Loss)	(270)	6,219	(225)
Add Depreciation on Contributed Assets			
Increase (Decrease) in Retained Earnings	(270)	6,219	(225)
Retained Earnings (Deficit) July 1, as restated	4,896	104,268	(1,335)
Retained Earnings (Deficit) June 30	\$ 4,626	\$ 110,487	\$ (1,560)

		Department of Rehabilitation Services		State Treasurer			
Port Authority at Gulfport	Yellow Creek Inland Port Authority	Allied Enterprises	Prepaid Affordable College Tuition	Other	Totals		
\$ 16,036	\$ 1,033	\$ 11,448	\$ 1,451	\$ 8,270	\$ 41,838		
	90			1,158	8,024		
			299		1,248		
97		15	41	227	345		
16,133	1,123	11,463	1,791	9,655	520		
		10,380		5,770	16,150		
2,027	413	5,638	202	2,842	13,165		
3,016	101	1,370	1,052	955	9,956		
405	37	51	25	700	1,560		
3,063	576		3	587	4,873		
			461		461		
			3,371		3,371		
2		3		24	101		
8,513	1,127	17,442	5,114	10,878	49,637		
7,620	(4)	(5,979)	(3,323)	(1,223)	2,338		
					5		
935					935		
3,315	213	60		33	4,149		
			2	18	56		
4,250	213	60	2	51	5,145		
52				12	68		
3,278				16	3,370		
3,330				28	3,438		
8,540	209	(5,919)	(3,321)	(1,200)	4,045		
2,292		6,962		2,356	11,610		
(5)		(950)		(520)	(1,487)		
10,827	209	93	(3,321)	636	14,168		
346				123	469		
11,173	209	93	(3,321)	759	14,637		
55,569	6,120	5,309	3,580	7,397	185,804		
\$ 66,742	\$ 6,329	\$ 5,402	\$ 259	\$ 8,156	\$ 200,441		

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 3,825	\$ 7	\$ 1,303
Cash payments to suppliers for goods and services	(2,560)	(378)	(1,038)
Cash payments to employees for services	(1,204)	(522)	(278)
Cash payments for tuition			
Other operating cash receipts	3	136	4
Income received on tuition receipts			
Principal and interest received on program loans		16,375	
Issuance of program loans		(21,360)	
Net Cash Provided by (Used for) Operating Activities	64	(5,742)	(9)
Cash Flows from Noncapital Financing Activities:			
Operating transfers in			
Operating transfers out	(12)		
Loans from other funds			
Revenues from counties			
Net Cash Provided by (Used for) Noncapital Financing Activities	(12)		
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(18)	(1,394)	(6)
Proceeds from sale of capital assets	5		
Principal paid on bonds and equipment contracts	(95)		
Interest paid on bonds and equipment contracts	(77)		
Net Cash Provided by (Used for) Capital and Related Financing Activities	(185)	(1,394)	(6)
Cash Flows from Investing Activities:			
Proceeds from sales of investments			(9)
Purchases of investments			21
Interest on investments	4	498	
Net Cash Provided by (Used for) Investing Activities	4	498	12
Net Increase (Decrease) in Cash and Cash Equivalents	(129)	(6,638)	(3)
Cash and Cash Equivalents July 1, as restated	1,584	15,148	100
Cash and Cash Equivalents June 30	\$ 1,455	\$ 8,510	\$ 97

		Department of Rehabilitation Services		State Treasurer			
Port Authority at Gulfport	Yellow Creek Inland Port Authority		Allied Enterprises		Prepaid Affordable College Tuition	Other	Totals
\$ 15,750 (2,556) (2,008) 98	\$ 1,112 (151) (399)	\$ 11,740 (11,763) (5,595) 15	\$ 13,629 (1,196) (184) (461) 3,283	\$ 8,977 (7,231) (2,832) 227	\$ 56,343 (26,873) (13,022) (461) 483 3,283 16,375 (21,360)		
11,284	562	(5,603)	15,071	(859)	14,768		
2,292 (130) 935		6,962 (950)	(754)	2,246 (520)	11,500 (1,612) (754) 935		
3,097		6,012	(754)	1,726	10,069		
(10,283) (4,794) (3,356)	(309) (50)		(11)	(455) (112) (17)	(12,476) 5 (5,051) (3,450)		
(18,433)	(359)		(11)	(584)	(20,972)		
39,485 (37,383) 3,388	(1,805) 222	60	41,771 (56,157)	33	81,256 (95,354) 4,226		
5,490	(1,583)	60	(14,386)	33	(9,872)		
1,438 4,481	(1,380) 2,631	469 3,561	(80) 2,008	316 3,033	(6,007) 32,546		
\$ 5,919	\$ 1,251	\$ 4,030	\$ 1,928	\$ 3,349	\$ 26,539		

(Continued on Next Page)

All Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

(Continued from Previous Page)

	Fair Commission	Veterans' Home Purchase Board	Veterans' Memorial Stadium Commission
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (224)	\$ 5,721	\$ (250)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	361	26	257
Net depreciation in fair value of investments			
Change in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(50)	(5)	
Interest receivable on loans		(71)	
Due from other governments	1	(4)	
Interfund receivables			
Inventories			
Prepaid items			
Loans and notes receivable, net		(11,679)	
Increase (decrease) in liabilities			
Warrants payable	20	279	(12)
Accounts payable and accruals	(38)	(9)	(4)
Due to other governments	(5)		
Interfund payables	(1)		
Tuition benefits payable			
Total adjustments	288	(11,463)	241
Net Cash Provided by (Used for) Operating Activities	\$ 64	\$ (5,742)	\$ (9)

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 2000, Prepaid Affordable College Tuition and Fair Commission received donated machinery and equipment of \$2,000 and \$36,000 respectively. At June 30, 2000, Prepaid Affordable College Tuition's investments are reported at fair value, creating a noncash investment loss of \$1,776,000.

Port Authority at Gulfport	Yellow Creek Inland Port Authority	Department of Rehabilitation Services	State Treasurer	Other	Totals
		Allied Enterprises	Prepaid Affordable College Tuition		
\$ 7,620	\$ (4)	\$ (5,979)	\$ (3,323)	\$ (1,223)	\$ 2,338
3,063	576		3 1,776	587	4,873 1,776
(284)	(11)	330	115 (111)	42	137 (182)
		(36) 76		(11) (411) (228)	(14) (447) (152)
(1)	5			1	5 (11,679)
882	(4)	6	(20) 69	(106) 265 (84) 309	161 1,167 (89) 312
4			16,562		16,562
3,664	566	376	18,394	364	12,430
\$ 11,284	\$ 562	\$ (5,603)	\$ 15,071	\$ (859)	\$ 14,768

Other Enterprise Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Assets:			
Current assets:			
Equity in internal investment pool	\$ 80	\$ 61	\$ 190
Cash and cash equivalents		226	
Accounts receivable, net	14		22
Due from other governments			115
Due from other funds			1
Inventories		22	197
Prepaid items			
Total Current Assets	94	309	525
Land	38	1,690	100
Buildings and improvements, net	800	2,927	59
Machinery and equipment, net	38	65	109
Total Assets	\$ 970	\$ 4,991	\$ 793
Liabilities:			
Current liabilities:			
Warrants payable	\$ 14	\$ 6	\$ 24
Accounts payable and accruals	28	43	73
Due to other funds			
Notes payable	30		
Lease obligations payable, current portion			
Total Current Liabilities	72	49	97
Lease obligations payable, net of current portion			
Total Liabilities	72	49	97
Fund Equity:			
Contributed capital	8	4,654	
Retained earnings	890	288	696
Total Fund Equity	898	4,942	696
Total Liabilities and Fund Equity	\$ 970	\$ 4,991	\$ 793

Department of Corrections				
Restaurants	Commissary	Prison Agricultural Enterprises	Totals	
\$	\$	\$	2,495	\$ 2,826
96	201			523
1				37
				115
33	454	160		648
10	426	99		754
	2			2
140	1,083	2,754		4,905
				1,828
66		2,082		5,934
37	172	1,617		2,038
\$ 243	\$ 1,255	\$ 6,453	\$	14,705
\$	\$	\$	138	\$ 182
46	398	396		984
	455			455
				30
		56		56
46	853	590		1,707
		174		174
46	853	764		1,881
6				4,668
191	402	5,689		8,156
197	402	5,689		12,824
\$ 243	\$ 1,255	\$ 6,453	\$	14,705

Other Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Operating Revenues:			
Charges for sales and services	\$	\$ 95	\$ 784
Rentals	380	366	
Other	1		
Total Operating Revenues	381	461	784
Operating Expenses:			
Cost of sales and services		140	
General and administrative	240	489	561
Contractual services	97	159	246
Commodities	13	70	32
Depreciation	40	127	45
Other		11	
Total Operating Expenses	390	996	884
Operating Income (Loss)	(9)	(535)	(100)
Nonoperating Revenues:			
Interest			16
Other			18
Total Nonoperating Revenues			34
Nonoperating Expenses:			
Loss on disposal of assets		1	11
Interest	4		
Total Nonoperating Expenses	4	1	11
Income (Loss) Before Operating Transfers	(13)	(536)	(77)
Operating Transfers In		486	
Operating Transfers Out			
Net Income (Loss)	(13)	(50)	(77)
Add Depreciation on Contributed Assets		123	
Increase (Decrease) in Retained Earnings	(13)	73	(77)
Retained Earnings July 1, as restated	903	215	773
Retained Earnings June 30	\$ 890	\$ 288	\$ 696

Department of Corrections				
Restaurants	Commissary	Prison Agricultural Enterprises	Totals	
\$ 443	\$ 5,386	\$ 1,562	\$ 8,270	
		412	1,158	
72	10	144	227	
515	5,396	2,118	9,655	
375	3,869	1,386	5,770	
63	865	624	2,842	
29	17	407	955	
37	97	451	700	
6	46	323	587	
	13		24	
510	4,907	3,191	10,878	
5	489	(1,073)	(1,223)	
12	5		33	
			18	
12	5		51	
			12	
		12	16	
		12	28	
17	494	(1,085)	(1,200)	
14		1,856	2,356	
(2)	(494)	(24)	(520)	
29	0	747	636	
			123	
29	0	747	759	
162	402	4,942	7,397	
\$ 191	\$ 402	\$ 5,689	\$ 8,156	

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 389	\$ 461	\$ 758
Cash payments to suppliers for goods and services	(102)	(413)	(383)
Cash payments to employees for services	(241)	(486)	(553)
Other operating cash receipts	1		
Net Cash Provided by (Used for) Operating Activities	47	(438)	(178)
Cash Flows from Noncapital Financing Activities:			
Operating transfers in		486	
Operating transfers out			
Net Cash Provided by (Used for) Noncapital Financing Activities		486	
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2)	(3)	(9)
Principal paid on bonds and equipment contracts	(28)		
Interest paid on bonds and equipment contracts	(5)		
Net Cash Used for Capital and Related Financing Activities	(35)	(3)	(9)
Cash Flows from Investing Activities:			
Interest on investments			16
Net Cash Provided by Investing Activities			16
Net Increase (Decrease) in Cash and Cash Equivalents	12	45	(171)
Cash and Cash Equivalents July 1, as restated	68	242	361
Cash and Cash Equivalents June 30	\$ 80	\$ 287	\$ 190

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ 424	\$ 4,980	\$ 1,965	\$ 8,977
(433)	(3,583)	(2,317)	(7,231)
(63)	(878)	(611)	(2,832)
72	10	144	227
0	529	(819)	(859)
14		1,746	2,246
(2)	(494)	(24)	(520)
12	(494)	1,722	1,726
(48)	(165)	(228)	(455)
		(84)	(112)
		(12)	(17)
(48)	(165)	(324)	(584)
12	5		33
12	5		33
(24)	(125)	579	316
120	326	1,916	3,033
\$ 96	\$ 201	\$ 2,495	\$ 3,349

(Continued on Next Page)

Other Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

(Continued from Previous Page)

	Department of Agriculture and Commerce		Department of Finance and Administration
	Farmers' Central Market Board	Agriculture and Forestry Museum	Office of Surplus Property
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (9)	\$ (535)	\$ (100)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	40	127	45
Change in assets and liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	9		19
Due from other governments			(11)
Interfund receivables			25
Inventories		(12)	(58)
Prepaid items			
Increase (decrease) in liabilities			
Warrants payable	4	(3)	(16)
Accounts payable and accruals	3	(15)	2
Due to other governments			(84)
Interfund payables			
Total adjustments	56	97	(78)
Net Cash Provided by (Used for) Operating Activities	\$ 47	\$ (438)	\$ (178)

Noncash Capital and Related Financing Activities:

During the fiscal year ended June 30, 2000, Office of Surplus Property received donated machinery and equipment of \$18,000. Prison Agricultural Enterprises refinanced a capital lease agreement for an additional \$3,000.

Department of Corrections

Restaurants	Commissary	Prison Agricultural Enterprises	Totals
\$ 5	\$ 489	\$ (1,073)	\$ (1,223)
6	46	323	587
	14		42
(20)	(407)	(9)	(411)
(1)	(166)	9	(228)
	1		1
		(91)	(106)
10	243	22	265
			(84)
	309		309
(5)	40	254	364
\$ 0	\$ 529	\$ (819)	\$ (859)

Internal Service Funds

Internal service funds account for the operations of state agencies that provide services or goods to other state agencies or governmental units on a cost reimbursement basis.

Internal Service Funds Descriptions

Personnel Board - The **Personnel Board Fund** accounts for the expenses of establishing personnel policies, regulating the pay of state employees and testing and validating new hires. Revenues consist of assessments charged to state agencies based on the number of authorized positions.

Information Technology Services - The **Information Technology Services Fund** accounts for the centralized data processing and information devices, expenses related to planning and policies for the development of data processing capabilities and for the state's central telephone system, the universities' central telephone systems and other governmental units' telephone systems. Revenues consist of charges to user agencies, universities and governmental units for services and equipment. Other revenue consists of commissions from the usage of public utility companies' pay telephones located on state properties.

Department of Finance and Administration - The **Risk Management Fund** accounts for resources and transactions pertaining to the state's self-insured medical plan and life insurance program as mandated by state law to be offered to state and public education employees. Employees' premiums are funded by the state and local school districts with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. This fund also accounts for unemployment benefits paid to eligible former state employees and for resources and transactions pertaining to the state's self-insured workers' compensation program. Funding is provided by premiums collected from the state's operating fund and participating state agencies. In addition, the fund accounts for resources and transactions pertaining to the state's self-insured tort claims program. Funding is provided by assessment of state agencies. Tort claims filed against the state agencies and state employees are paid from this fund, as well as administrative expenses.



Internal Service Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Department of Finance and Administration			
	Personnel Board	Information Technology Services	Risk Management	Totals
Assets:				
Current assets:				
Equity in internal investment pool	\$ 1,832	\$ 6,293	\$ 15,740	\$ 23,865
Cash and cash equivalents			713	713
Investments			46,443	46,443
Receivables, net:				
Accounts	1	81		82
Interest			243	243
Due from other governments	1	59		60
Due from other funds	161	1,804	468	2,433
Due from component units	1	101		102
Total Current Assets	1,996	8,338	63,607	73,941
Long-term investments			25,243	25,243
Machinery and equipment, net	253	7,358	133	7,744
Total Assets	\$ 2,249	\$ 15,696	\$ 88,983	\$ 106,928
Liabilities:				
Current liabilities:				
Warrants payable	\$ 132	\$ 657	\$ 258	\$ 1,047
Accounts payable and accruals	347	1,366	2,065	3,778
Due to other funds			189	189
Claims liability			115,778	115,778
Deferred revenues			1,719	1,719
Lease obligations payable, current portion		381		381
Total Current Liabilities	479	2,404	120,009	122,892
Lease obligations payable, net of current portion		254		254
Total Liabilities	479	2,658	120,009	123,146
Fund Equity:				
Retained earnings:				
Unreserved (deficit)	1,770	13,038	(31,026)	(16,218)
Total Liabilities and Fund Equity	\$ 2,249	\$ 15,696	\$ 88,983	\$ 106,928

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended June 30, 2000 (Expressed in Thousands)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Operating Revenues:				
Charges for goods and services/premiums	\$ 5,315	\$ 24,544	\$ 360,507	\$ 390,366
Other		1	1	2
Total Operating Revenues	5,315	24,545	360,508	390,368
Operating Expenses:				
Personal services:				
Salaries, wages and fringe benefits	3,035	6,988	1,225	11,248
Travel	51	87	26	164
Contractual services	1,953	13,849	22,096	37,898
Commodities	274	426	111	811
Benefit payments			361,268	361,268
Depreciation	83	1,842	23	1,948
Total Operating Expenses	5,396	23,192	384,749	413,337
Operating Income (Loss)	(81)	1,353	(24,241)	(22,969)
Nonoperating Revenues:				
Interest and other investment income			4,316	4,316
Other		3	1	4
Total Nonoperating Revenues		3	4,317	4,320
Nonoperating Expenses:				
Loss on disposal of assets	11	32	5	48
Interest		49		49
Total Nonoperating Expenses	11	81	5	97
Income (Loss) Before Operating Transfers	(92)	1,275	(19,929)	(18,746)
Operating Transfers In			208	208
Net Income (Loss)	(92)	1,275	(19,721)	(18,538)
Retained Earnings (Deficit) July 1, as restated	1,862	11,763	(11,305)	2,320
Retained Earnings (Deficit) June 30	\$ 1,770	\$ 13,038	\$ (31,026)	\$ (16,218)

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Cash Flows from Operating Activities:				
Cash receipts/premiums from quasi-external operating transactions with other funds	\$ 5,269	\$ 22,848	\$ 119,416	\$ 147,533
Cash receipts/premiums from customers	50	2,010	241,557	243,617
Cash payments to suppliers for goods and services	(2,314)	(14,688)	(28,925)	(45,927)
Cash payments to employees for services	(3,022)	(6,970)	(1,212)	(11,204)
Cash payments for benefits			(348,672)	(348,672)
Other operating cash receipts		1	1	2
Net Cash Provided by (Used for) Operating Activities	(17)	3,201	(17,835)	(14,651)
Cash Flows from Noncapital Financing Activities:				
Operating transfers in			548	548
Net Cash Provided by Noncapital Financing Activities			548	548
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(60)	(639)	(31)	(730)
Principal paid on capital lease contracts		(856)		(856)
Interest paid on capital lease contracts		(49)		(49)
Net Cash Used for Capital and Related Financing Activities	(60)	(1,544)	(31)	(1,635)
Cash Flows from Investing Activities:				
Proceeds from sales of investments			44,968	44,968
Purchases of investments			(40,661)	(40,661)
Interest and other investment income			5,130	5,130
Net Cash Provided by Investing Activities			9,437	9,437
Net Increase (Decrease) in Cash and Cash Equivalents	(77)	1,657	(7,881)	(6,301)
Cash and Cash Equivalents July 1	1,909	4,636	24,334	30,879
Cash and Cash Equivalents June 30	\$ 1,832	\$ 6,293	\$ 16,453	\$ 24,578

(Continued on Next Page)

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

(Continued From Previous Page)

			Department of Finance and Administration	
	Personnel Board	Information Technology Services	Risk Management	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (81)	\$ 1,353	\$ (24,241)	\$ (22,969)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	83	1,842	23	1,948
Changes in assets and liabilities:				
(Increase) decrease in assets				
Accounts receivable, net		9		9
Due from other governments		(19)		(19)
Interfund receivables	4	318	(79)	243
Increase (decrease) in liabilities				
Warrants payable	1	(53)	(6,558)	(6,610)
Accounts payable and accruals	13	(169)	(121)	(277)
Interfund payables	(37)	(80)	(13)	(130)
Claims liability			12,609	12,609
Deferred revenues			545	545
Total adjustments	64	1,848	6,406	8,318
Net Cash Provided by (Used for) Operating Activities	\$ (17)	\$ 3,201	\$ (17,835)	\$ (14,651)

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended June 30, 2000, Information Technology Services entered into a capital lease agreement totaling \$446,000. Payments on the new lease included principal payments of \$55,000 and interest payments of \$6,000. Information Technology Services received donated machinery and equipment of \$3,000. At June 30, 2000, Risk Management's investments are reported at fair value, creating a noncash investment loss of \$327,000.



Trust and Agency Funds

Trust and agency funds account for assets held by the state in a fiduciary capacity.

Significant Trust and Agency Funds Descriptions

Expendable Trust Funds

Public Employees' Retirement System - The **Deferred Compensation Plan Fund** accounts for deposits of gross compensation deferred by employees of the state and its political subdivisions. These deposits are invested until retirement, severance from public service, death or extreme hardship of the individual participants.

Employment Security Commission - The **Unemployment Compensation Fund** accounts for the collection of unemployment insurance taxes from employers and the payment of unemployment benefits to eligible claimants. Funds are also provided by the federal government and interest income. Administrative expenses incurred by the Employment Security Commission are accounted for in a special revenue fund.

Nonexpendable Trust Funds

Treasurer - The **Oil and Gas Taxes on State-owned Land Fund** accounts for oil and gas royalties and taxes collected on state-owned lands. The principal is required by state constitution to remain inviolate. Income derived from investment of the principal may be appropriated by the legislature for specific uses.

Pension Trust Funds

Public Employees' Retirement System - The **Public Employees' Retirement System Fund** provides retirement and disability benefits to substantially all employees of the state and its political subdivisions. Benefits are funded by contributions from the members, the state, and political subdivisions and by investment income. The **Mississippi Highway Safety Patrol Retirement System Fund** provides retirement and disability benefits to uniformed officers of the Department of Public Safety. Benefits are funded by contributions from the members and the state and by investment income. The **Municipal Retirement Systems Fund** provides retirement and disability benefits to employees, firemen, and policemen of participating municipalities. Benefits are funded by contributions from the members and the municipalities and by investment income. The **Supplemental Legislative Retirement Plan Fund** provides retirement and disability benefits supplemental to the benefits of the Public Employees' Retirement System to all elected members of the legislature and the president of the senate. Benefits are funded by contributions from the members and the state and by investment income.



Agency Funds

The **Local Government Distributive Fund** serves as a clearing mechanism for funds distributed to the various counties and municipalities of the state. The **Program Fund** accounts for receipt of various taxes, refundable deposits, inventories, and other monies collected or recovered to be held until the state has the right or obligation to distribute them to state operating funds or to various entities or individuals. The **Institutional Fund** accounts for deposits to various institutional accounts and other receipts held by the state until there is proper authorization to disburse them directly to others.

Trust and Agency Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Trust			Agency	Totals
	Expendable	Nonexpendable	Pension		
Assets:					
Equity in internal investment pool	\$	\$ 2,832	\$ 2,583	\$ 9,828	\$ 15,243
Cash and cash equivalents	3,983	2,553	228,412	10,274	245,222
Amount on deposit with U. S. Treasury	694,889				694,889
Investments	603,462	28,707	18,445,976	312	19,078,457
Receivables, net:					
Taxes	29,286				29,286
Investment proceeds			241,863		241,863
Interest and dividends	80	509	87,525	3	88,117
Contributions	3,160		50,869		54,029
Other	454		176	11,215	11,845
Due from other governments	1,246				1,246
Due from other funds	10,187	31	57	8,155	18,430
Commodity inventory				34	34
Loans to other funds	21				21
Land			508		508
Buildings, net			2,284		2,284
Improvements other than buildings, net			62		62
Machinery and equipment, net			1,090		1,090
Total Assets	\$ 1,346,768	\$ 34,632	\$ 19,061,405	\$ 39,821	\$ 20,482,626
Liabilities:					
Warrants payable	\$	\$	\$ 256	\$ 2,505	\$ 2,761
Accounts payable and accruals	2,945	16	474,495	339	477,795
Due to other governments	1,479			9,108	10,587
Due to other funds	186	393	26	15,087	15,692
Amounts held in custody for others			1,138	12,782	13,920
Obligations under securities lending			1,811,112		1,811,112
Deferred revenues	1,625				1,625
Total Liabilities	6,235	409	2,287,027	39,821	2,333,492
Fund Balances:					
Reserved for:					
Employees' pension benefits			16,774,378		16,774,378
Unemployment compensation benefits	731,587				731,587
Loans to other funds	21				21
Deferred compensation benefits and administrative expenses	608,886				608,886
Educational and Vocational Training		28,317			28,317
Memorial Burn Center and other		814			814
Wildlife Conservation		3,615			3,615
Unreserved:					
Undesignated	39	1,477			1,516
Total Fund Balances	1,340,533	34,223	16,774,378		18,149,134
Total Liabilities and Fund Balances	\$ 1,346,768	\$ 34,632	\$ 19,061,405	\$ 39,821	\$ 20,482,626

Expendable Trust Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission		
	Deferred Compensation Plan	Unemployment Compensation	Other	Totals
Assets:				
Cash and cash equivalents	\$ 2,477	\$ 1,467	\$ 39	\$ 3,983
Amount on deposit with U. S. Treasury		694,889		694,889
Investments	603,462			603,462
Receivables, net:				
Taxes		29,286		29,286
Interest and dividends	80			80
Contributions	3,160			3,160
Other		454		454
Due from other governments		1,246		1,246
Due from other funds		10,187		10,187
Loans to other funds		21		21
Total Assets	\$ 609,179	\$ 737,550	\$ 39	\$ 1,346,768
Liabilities:				
Accounts payable and accruals	\$ 253	\$ 2,692	\$	\$ 2,945
Due to other governments		1,479		1,479
Due to other funds	40	146		186
Deferred revenues		1,625		1,625
Total Liabilities	293	5,942		6,235
Fund Balances:				
Reserved for:				
Unemployment compensation benefits		731,587		731,587
Loans to other funds		21		21
Deferred compensation benefits and administrative expenses	608,886			608,886
Unreserved:				
Undesignated			39	39
Total Fund Balances	608,886	731,608	39	1,340,533
Total Liabilities and Fund Balances	\$ 609,179	\$ 737,550	\$ 39	\$ 1,346,768



Expendable Trust Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Public Employees' Retirement System	Employment Security Commission		
	Deferred Compensation Plan	Unemployment Compensation	Other	Totals
Revenues:				
Taxes	\$	\$ 120,541	\$	\$ 120,541
Federal government		2,386		2,386
Participant contributions	47,054			47,054
Interest and other investment income, net	41,333	43,356	1	84,690
Other			9	9
Total Revenues	88,387	166,283	10	254,680
Expenditures:				
General government:				
Benefits	18,713			18,713
Administrative expenses	1,432			1,432
Health and social services:				
Benefits		115,714	6	115,720
Total Expenditures	20,145	115,714	6	135,865
Excess of Revenues over Expenditures	68,242	50,569	4	118,815
 Fund Balances July 1	 540,644	 681,039	 35	 1,221,718
 Fund Balances June 30	 \$ 608,886	 \$ 731,608	 \$ 39	 \$ 1,340,533



Nonexpendable Trust Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Treasurer		
	Oil and Gas Taxes on State- owned Land	Other	Totals
Assets:			
Current assets:			
Equity in internal investment pool	\$ 2,027	\$ 805	\$ 2,832
Cash and cash equivalents	2,383	170	2,553
Investments	7,246	3,838	11,084
Interest receivable	401	108	509
Due from other funds		31	31
Total Current Assets	12,057	4,952	17,009
Long-term investments	17,603	20	17,623
Total Assets	\$ 29,660	\$ 4,972	\$ 34,632
Liabilities:			
Accounts payable and accruals	\$ 16	\$	\$ 16
Due to other funds	393		393
Total Liabilities	409		409
Fund Balances:			
Reserved for:			
Scholarships		20	20
Books and historical manuscripts		5	5
Education and vocational training	28,317		28,317
Memorial Burn Center		789	789
Wildlife Conservation		3,615	3,615
Unreserved	934	543	1,477
Total Fund Balances	29,251	4,972	34,223
Total Liabilities and Fund Balances	\$ 29,660	\$ 4,972	\$ 34,632

Nonexpendable Trust Funds

Combining Statement of Revenues, Expenses and Changes in Fund Balances

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Treasurer		
	Oil and Gas Taxes on State- owned Land	Other	Totals
Operating Revenues:			
Interest and other investment income, net	\$ 1,371	\$ 239	\$ 1,610
Fees		620	620
Oil and gas royalties and taxes	2,713		2,713
Donations	14		14
Total Operating Revenues	4,098	859	4,957
Operating Expenses:			
Administrative	72	28	100
Total Operating Expenses	72	28	100
Operating Income Before Operating Transfers	4,026	831	4,857
Operating Transfers Out	(1,502)		(1,502)
Net Income	2,524	831	3,355
Fund Balances July 1	26,727	4,141	30,868
Fund Balances June 30	\$ 29,251	\$ 4,972	\$ 34,223

Nonexpendable Trust Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Treasurer			
	Oil and Gas Taxes on State- owned Land		Other	Totals
Cash Flows from Operating Activities:				
Cash payments to suppliers	\$ (75)	\$ (28)	\$ (103)	
Other operating cash receipts	2,727	601	3,328	
Net Cash Provided by Operating Activities	2,652	573	3,225	
Cash Flows from Noncapital Financing Activities:				
Operating transfers out	(1,287)		(1,287)	
Net Cash Used for Noncapital Financing Activities	(1,287)		(1,287)	
Cash Flows from Investing Activities:				
Proceeds from sale of investments	7,983		7,983	
Purchases of investments	(7,878)	(616)	(8,494)	
Interest and other investment income	1,539	203	1,742	
Net Cash Provided by (Used for) Investing Activities	1,644	(413)	1,231	
Net Increase in Cash and Cash Equivalents	3,009	160	3,169	
Cash and Cash Equivalents July 1	1,401	815	2,216	
Cash and Cash Equivalents June 30	\$ 4,410	\$ 975	\$ 5,385	

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income	\$ 4,026	\$ 831	\$ 4,857
Adjustments to reconcile operating income to net cash provided by operating activities:			
Interest and other investment income	(1,539)	(203)	(1,742)
Net depreciation in fair value of investments	215		215
Changes in assets and liabilities:			
(Increase) decrease in assets			
Interest receivable	(47)	(36)	(83)
Interfund receivable		(19)	(19)
Increase (decrease) in liabilities			
Warrants payable	(4)		(4)
Accounts payable and accruals	1		1
Total adjustments	(1,374)	(258)	(1,632)
Net Cash Provided by Operating Activities	\$ 2,652	\$ 573	\$ 3,225

Noncash Capital and Related Financing Activities:

At June 30, 2000, the Treasurer's investments are reported at fair value, creating a noncash investment loss of \$215,000.



Pension Trust Funds

Combining Statement of Plan Net Assets

June 30, 2000 (Expressed in Thousands)

	Public Employees' Retirement System	Mississippi Highway Safety Patrol Retirement System	Municipal Retirement Systems	Supplemental Legislative Retirement Plan	Totals
Assets:					
Equity in internal investment pool	\$ 2,583	\$	\$	\$	\$ 2,583
Cash and cash equivalents	222,352	2,869	3,096	95	228,412
Investments:					
Investments, at fair value	16,065,025	265,611	286,753	8,839	16,626,228
Securities lending	1,758,148	29,154	31,475	971	1,819,748
Receivables:					
Employer contributions	28,619	470	279	18	29,386
Employee contributions	21,283	117	74	9	21,483
Investment proceeds	233,728	3,850	4,157	128	241,863
Interest and dividends	84,985	1,202	1,298	40	87,525
Other	171	5			176
Due from other funds	57				57
Land	508				508
Buildings, net	2,284				2,284
Improvements other than buildings, net	62				62
Machinery and equipment, net	1,090				1,090
Total Assets	18,420,895	303,278	327,132	10,100	19,061,405
Liabilities:					
Warrants payable	256				256
Accounts payable and accruals	459,196	7,230	7,828	241	474,495
Due to other funds	10	9	6	1	26
Amounts held in custody for others	1,138				1,138
Obligations under securities lending	1,749,582	29,121	31,440	969	1,811,112
Total Liabilities	2,210,182	36,360	39,274	1,211	2,287,027
Net Assets Held in Trust for Pension Benefits	\$ 16,210,713	\$ 266,918	\$ 287,858	\$ 8,889	\$ 16,774,378

Agency Funds

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Local Government Distributive	Program	Institutional	Totals
Assets:				
Equity in internal investment pool	\$ 883	\$ 8,945	\$	\$ 9,828
Cash and cash equivalents	349	5,224	4,701	10,274
Investments			312	312
Receivables, net:				
Interest			3	3
Other		11,172	43	11,215
Due from other funds	4,460	3,685	10	8,155
Commodity inventory		34		34
Total Assets	\$ 5,692	\$ 29,060	\$ 5,069	\$ 39,821
Liabilities:				
Warrants payable	\$ 52	\$ 2,453	\$	\$ 2,505
Accounts payable and accruals	293	36	10	339
Due to other governments	5,131	3,971	6	9,108
Due to other funds	216	13,859	1,012	15,087
Amounts held in custody for others		8,741	4,041	12,782
Total Liabilities	\$ 5,692	\$ 29,060	\$ 5,069	\$ 39,821

All Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2000 (Expressed in Thousands)

Fund	Assets						Total Assets
	Equity in Internal Investment Pool	Cash and Cash Equivalents	Investments	Receivables	Due from Other Funds	Commodity Inventory	
Local Government Distributive:							
Balance July 1, 1999	\$ 2,674	\$ 122	\$	\$	\$ 4,375	\$	\$ 7,171
Additions	29,920	227			4,460		34,607
Deductions	31,711				4,375		36,086
Balance June 30, 2000	883	349			4,460		5,692
Program:							
Balance July 1, 1999	6,146	7,135		11,687	7,737	263	32,968
Additions	45,147	23,162		3,294	3,685	10,677	85,965
Deductions	42,348	25,073		3,809	7,737	10,906	89,873
Balance June 30, 2000	8,945	5,224		11,172	3,685	34	29,060
Institutional:							
Balance July 1, 1999		3,527	344	62	9		3,942
Additions		57,151	29	286	10		57,476
Deductions		55,977	61	302	9		56,349
Balance June 30, 2000		4,701	312	46	10		5,069
Total - All Agency Funds:							
Balance July 1, 1999	8,820	10,784	344	11,749	12,121	263	44,081
Additions	75,067	80,540	29	3,580	8,155	10,677	178,048
Deductions	74,059	81,050	61	4,111	12,121	10,906	182,308
Balance June 30, 2000	\$ 9,828	\$ 10,274	\$ 312	\$ 11,218	\$ 8,155	\$ 34	\$ 39,821

	Liabilities						Total Liabilities
	Warrants Payable	Accounts Payable and Accruals	Due to Other Governments	Due to Other Funds	Amounts Held In Custody for Others		
Local Government Distributive:							
Balance July 1, 1999	\$ 54	\$	\$ 5,681	\$ 616	\$ 820	\$	\$ 7,171
Additions	27,772	9,277	13,670	931			51,650
Deductions	27,774	8,984	14,220	1,331	820		53,129
Balance June 30, 2000	52	293	5,131	216	0		5,692
Program:							
Balance July 1, 1999	1,103		6,244	16,045	9,576		32,968
Additions	29,899	2,020	4,252	23,604	31,532		91,307
Deductions	28,549	1,984	6,525	25,790	32,367		95,215
Balance June 30, 2000	2,453	36	3,971	13,859	8,741		29,060
Institutional:							
Balance July 1, 1999			5	527	3,410		3,942
Additions		131	2	978	56,554		57,665
Deductions		121	1	493	55,923		56,538
Balance June 30, 2000		10	6	1,012	4,041		5,069
Total - All Agency Funds:							
Balance July 1, 1999	1,157		11,930	17,188	13,806		44,081
Additions	57,671	11,428	17,924	25,513	88,086		200,622
Deductions	56,323	11,089	20,746	27,614	89,110		204,882
Balance June 30, 2000	\$ 2,505	\$ 339	\$ 9,108	\$ 15,087	\$ 12,782	\$	\$ 39,821



General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for fixed assets acquired for general governmental purposes. These include all fixed assets except those accounted for in the proprietary and fiduciary fund types.

General Fixed Assets

Schedule of General Fixed Assets by Function

June 30, 2000 (Expressed in Thousands)

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General government	\$ 10,517	\$ 95,000	\$ 3,040	\$ 37,148	\$ 145,705
Education	224	7,500	1,091	50,381	59,196
Health and social services	3,762	189,085	13,650	130,495	336,992
Law, justice and public safety	4,427	486,894	18,764	86,090	596,175
Recreation and resources development	61,585	127,234	41,516	101,353	331,688
Regulation of business and professions		1,503	56	5,244	6,803
Transportation	9,305	67,410		136,554	213,269
Total General Fixed Assets Allocated to Functions	\$ 89,820	\$ 974,626	\$ 78,117	\$ 547,265	1,689,828
Construction in progress					286,287
Total General Fixed Assets					\$ 1,976,115

General Fixed Assets

Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 89,176	\$ 1,851	\$ 1,207	\$ 89,820
Buildings	920,230	55,146	750	974,626
Improvements other than buildings	67,558	10,560	1	78,117
Machinery and equipment	684,893	78,291	215,919	547,265
Construction in progress	226,597	118,918	59,228	286,287
Total	\$ 1,988,454	\$ 264,766	\$ 277,105	\$ 1,976,115

General Fixed Assets

Schedule of Changes in General Fixed Assets by Function

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
General government	\$ 134,872	\$ 14,646	\$ 3,813	\$ 145,705
Education	215,745	9,436	165,985	59,196
Health and social services	308,279	37,995	9,282	336,992
Law, justice and public safety	581,778	21,067	6,670	596,175
Recreation and resources development	309,840	40,709	18,861	331,688
Regulation of business and professions	7,035	1,035	1,267	6,803
Transportation	204,308	20,960	11,999	213,269
Total by Function	1,761,857	145,848	217,877	1,689,828
Construction in progress	226,597	118,918	59,228	286,287
Total	\$ 1,988,454	\$ 264,766	\$ 277,105	\$ 1,976,115



Component Units

Component Units are organizations which are legally separate from the state for which the state is financially accountable, or for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. They are presented here in three separate reporting groups: governmental, proprietary and university fund types.

Component Units Descriptions

Governmental Fund Types

Pat Harrison Waterway District - The district accounts for resources used to bring about the full beneficial use of surface and overflow waters of the Pascagoula River Basin.

Pearl River Basin Development District - The district accounts for resources used to preserve, conserve, store and regulate the waters of the Pearl River and its tributaries and their overflows.

Pearl River Valley Water Supply District - The district accounts for the operation and maintenance of the Ross Barnett Reservoir and surrounding lands, to provide water supply, flood reduction and recreation opportunities.

Tombigbee River Valley Water Management District - The district accounts for the development and conservation of the human and natural resources of Mississippi counties in which the Tombigbee River or any of its tributaries lie.

Proprietary Fund Types

Mississippi Coast Coliseum Commission - The commission accounts for the promoting, developing, maintenance and operation of a multi-purpose coliseum and related facilities located in Harrison County, Mississippi.

Mississippi Business Finance Corporation - The corporation coordinates and oversees the delivery of services to small business communities of Mississippi.

Mississippi Prison Industries Corporation - The corporation accounts for a printing and book bindery operation, a garment and glove operation, a woodworking operation, a metal fabrication operation and an equine tack operation. Revenue is generated from the charges for goods and services.

University Funds

Current Funds - The **Unrestricted Fund** accounts for currently expendable resources which may be either designated or not designated by the universities for specific purposes. The **Restricted Fund** accounts for resources restricted by the donor or external agency for a specific use or program.

Loan Fund - The fund accounts for resources provided by the federal government, private gifts and other university funds which are available for loans to students.

Endowment Fund - The fund accounts for resources which are invested in accordance with donor restrictions.



Plant Funds - The funds account for the various unexpended resources to finance the acquisition and/or repair or replacement of long-lived plant facilities, for renewal and replacement of those facilities constructed from bond proceeds which remain governed under a related bond indenture of trust, for the resources restricted to interest and principal payments and other debt service charges related to plant indebtedness and for all long-lived assets in the service of the universities and all construction in progress and their associated liabilities.

Agency Fund - The fund accounts for amounts held in custody for students, university-related organizations and others.

Component Units

Combining Balance Sheet

June 30, 2000 (Expressed in Thousands)

	Governmental Funds		
	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District
Assets:			
Equity in internal investment pool	\$	\$	\$
Cash and cash equivalents	1,243	263	4,206
Investments	970	2,686	977
Receivables, net	15		39
Due from other governments	71	194	
Due from other funds			
Due from primary government			
Inventories	4		
Prepaid items	36		
Loans and notes receivable, net			
Restricted assets:			
Cash and cash equivalents	1,710		
Investments	1,221		
Property, plant and equipment, net of depreciation where applicable	15,475	5,989	57,008
Deferred charges and other assets			
Amount available, designated for debt service	464		
Amounts to be provided for retirement of general long-term debt	1,479	32	1,543
Total Assets, Amounts Available and Amounts to be Provided for Retirement of General Long-Term Debt	<u>\$ 22,688</u>	<u>\$ 9,164</u>	<u>\$ 63,773</u>
Liabilities:			
Warrants payable	\$	\$	\$
Accounts payable and accruals	851	126	520
Due to other funds			
Due to primary government			
Amounts held in custody for others			
Deferred revenues		17	
Liabilities payable from restricted assets			
Revenue bonds and notes payable	3,261		
Lease obligation bonds			
Other liabilities	138	33	1,543
Total Liabilities	<u>4,250</u>	<u>176</u>	<u>2,063</u>
Fund Equity and Other Credits:			
Investment in fixed assets	12,618	5,989	48,615
Contributed capital	1,499		8,967
Retained earnings:			
Reserved for Commission trust fund			
Unreserved	1,559		2,754
Fund balances:			
Reserved for:			
Encumbrances		11	
Capital improvements	2,114		
Research projects			
Student loans			
Endowments			
Land management		61	
Lower pearl project		1,725	
Contractual agreements			
Temporarily restricted funds			
Continuing education			
Unreserved:			
Designated for debt service	464		
Designated for future capital projects			
Undesignated	184	1,202	1,374
Total Fund Equity and Other Credits	<u>18,438</u>	<u>8,988</u>	<u>61,710</u>
Total Liabilities and Fund Equity and Other Credits	<u>\$ 22,688</u>	<u>\$ 9,164</u>	<u>\$ 63,773</u>

Proprietary Funds						
Tombigbee River Valley Water Management District	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	University	Totals	
\$	\$	\$	\$	\$	\$	\$
3,738	532	1,773	318	16,925	16,971	288,869
	3,243	9,724	494	276,796		242,142
52	430	129	286	224,048		142,410
46				141,459		311
				60,467		60,467
			45	27,256		27,301
33			724	19,180		19,941
	130		28	8,800		8,994
				89,269		89,269
						1,710
	7,446					8,667
16,640	29,599	28	2,107	1,877,802		2,004,648
				6,224		6,224
						464
39						3,093
\$ 20,548	\$ 41,380	\$ 11,700	\$ 4,002	\$ 2,748,226	\$	\$ 2,921,481
\$	\$	\$	\$	\$	\$	\$
12	364	119	173	4,551	4,551	134,836
				132,671		60,467
		3		60,467		4,055
	110			4,055		2,382
				2,272		31,888
	437			31,871		437
				194,629		197,890
				29,715		29,715
39	119	254		33,163		35,289
51	1,030	376	173	493,394		501,513
16,640						1,739,485
	15,285	4,995	297	1,655,623		31,043
	7,000					7,000
	18,065	6,329	3,532			32,239
301						35,719
				35,407		2,114
				31,903		31,903
				99,724		99,724
				76,084		76,084
						61
						1,725
				997		997
				1,352		1,352
				581		581
				53,437		53,901
				97,230		97,230
3,556				202,494		208,810
20,497	40,350	11,324	3,829	2,254,832		2,419,968
\$ 20,548	\$ 41,380	\$ 11,700	\$ 4,002	\$ 2,748,226	\$	\$ 2,921,481



Component Units

Combining Balance Sheet University Funds

June 30, 2000 (Expressed in Thousands)

	Current Funds		Loan	Endowment and Similar
	Unrestricted	Restricted		
Assets:				
Equity in internal investment pool	\$ 16,925	\$	\$	\$
Cash and cash equivalents	149,706	17,692	9,837	8,148
Investments	111,964		507	66,471
Accounts receivable, net	83,999	48,548	348	2
Due from other funds	38,637	6,981	240	
Due from primary government	11,345	15,911		
Inventories	19,180			
Prepaid items	8,029	98		123
Loans and notes receivable, net			89,269	
Land				
Buildings				
Improvements other than buildings				
Furniture, machinery and equipment				
Construction in progress				
Assets under capital lease				
Livestock				
Other assets	2,679			1,340
Total Assets	\$ 442,464	\$ 89,230	\$ 100,201	\$ 76,084
Liabilities:				
Warrants payable	\$ 4,551	\$	\$	\$
Accounts payable and accruals	112,290	12,878	24	
Due to other funds	19,822	39,775	178	
Due to primary government	4,055			
Deferred revenues	29,767	2,055		
Revenue bonds and notes payable				
Obligations under capital lease				
Amount held in custody for others	104			
Other liabilities	32,350	538	275	
Total Liabilities	202,939	55,246	477	
Fund Balances:				
Investment in fixed assets				
Reserved for:				
Encumbrances	33,326	2,081		
Research projects		31,903		
Student loans			99,724	
Endowments				76,084
Contractual agreements	997			
Temporarily restricted funds	1,352			
Continuing education	581			
Unreserved:				
Designated for debt service				
Designated for future capital projects	775			
Undesignated	202,494			
Total Fund Balances	239,525	33,984	99,724	76,084
Total Liabilities and Fund Balances	\$ 442,464	\$ 89,230	\$ 100,201	\$ 76,084

Plant Funds				Agency Fund	Totals
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
\$	\$	\$	\$	\$	\$
67,911	13,500	7,162		2,840	16,925
17,710	23,512	3,884			276,796
8,360	7	3		192	224,048
8,463	4,000	2,000		146	141,459
					60,467
					27,256
					19,180
385		160		5	8,800
					89,269
			33,990		33,990
			974,569		974,569
			124,977		124,977
			478,576		478,576
			221,649		221,649
			44,041		44,041
			2,011		2,011
40			154		4,213
\$ 102,869	\$ 41,019	\$ 13,209	\$ 1,879,967	\$ 3,183	\$ 2,748,226
\$	\$	\$	\$	\$	\$
6,414	44	6		1,015	4,551
	692				132,671
					60,467
					4,055
		49			31,871
			194,629		194,629
			29,715		29,715
				2,168	2,272
					33,163
6,414	736	55	224,344	3,183	493,394
			1,655,623		1,655,623
					35,407
					31,903
					99,724
					76,084
					997
					1,352
					581
96,455	40,283	13,154			53,437
					97,230
					202,494
96,455	40,283	13,154	1,655,623		2,254,832
\$ 102,869	\$ 41,019	\$ 13,209	\$ 1,879,967	\$ 3,183	\$ 2,748,226

Component Units

Combining Statement of Revenues, Expenditures, Other Financing Sources and Uses, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Pat Harrison Waterway District	Pearl River Basin Development District	Pearl River Valley Water Supply District	Tombigbee River Valley Water Management District	Totals
Revenues:					
Licenses, fees and permits	\$	\$	\$	\$	\$
Federal government	720		1,165		1,165
Interest	81	131	43	166	421
Charges for sales and services	2	104	20		126
Rentals			2,696		2,696
Other	2,188	897	300	1,455	4,840
Total Revenues	2,991	1,132	4,224	1,621	9,968
Expenditures:					
Current:					
Recreation and resources development	2,621	1,286	4,296	1,400	9,603
Debt service:					
Principal	236		136		372
Interest and other fiscal charges	98		115		213
Total Expenditures	2,955	1,286	4,547	1,400	10,188
Excess of Revenues over (under)					
Expenditures	36	(154)	(323)	221	(220)
Transfer from primary government	2,832	2,046			4,878
Net income (loss) from proprietary operations	(557)		515		(42)
Fund Balances July 1	2,010	1,107	3,936	3,636	10,689
Fund Balances June 30	\$ 4,321	\$ 2,999	\$ 4,128	\$ 3,857	\$ 15,305



Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Funds

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Operating Revenues:				
Charges for sales and services	\$ 4,271	\$	\$ 4,453	\$ 8,724
Fees		1,168		1,168
Other			9	9
Total Operating Revenues	4,271	1,168	4,462	9,901
Operating Expenses:				
Costs of sales and services			1,942	1,942
General and administrative	4,652	932	1,941	7,525
Depreciation	960	1	230	1,191
Total Operating Expenses	5,612	933	4,113	10,658
Operating Income (Loss)	(1,341)	235	349	(757)
Operating Transfers to Primary Government		(3)		(3)
Nonoperating Revenues	976	549	25	1,550
Nonoperating Expenses	(9)			(9)
Net Income (Loss)	(374)	781	374	781
Retained Earnings July 1	25,439	5,548	3,158	34,145
Retained Earnings June 30	\$ 25,065	\$ 6,329	\$ 3,532	\$ 34,926



Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2000 (Expressed in Thousands)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 4,380	\$ 1,017	\$ 4,641	\$ 10,038
Cash payments to suppliers for goods and services	(2,681)	(144)	(3,153)	(5,978)
Cash payments to employees for services	(1,699)	(788)	(1,039)	(3,526)
Other operating cash receipts			9	9
Other operating cash payments		(236)		(236)
Net Cash Provided by (Used for) Operating Activities	0	(151)	458	307
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,062)	(25)	(298)	(1,385)
Proceeds from insurance settlement	301			301
Net Cash Used for Capital and Related Financing Activities	(761)	(25)	(298)	(1,084)
Cash Flows from Investing Activities:				
Proceeds from the sale of investments		18,198	1,200	19,398
Purchases of investments	(241)	(18,444)	(1,349)	(20,034)
Interest on investments	668	532	25	1,225
Net Cash Provided by (Used for) Investing Activities	427	286	(124)	589
Net Increase (Decrease) in Cash and Cash Equivalents	(334)	110	36	(188)
Cash and Cash Equivalents July 1	866	1,709	282	2,857
Cash and Cash Equivalents June 30	\$ 532	\$ 1,819	\$ 318	\$ 2,669

(Continued on Next Page)

Component Units

Combining Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2000 (Expressed in Thousands)

(Continued from Previous Page)

	Mississippi Coast Coliseum Commission	Mississippi Business Finance Corporation	Mississippi Prison Industries Corporation	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (1,341)	\$ 235	\$ 349	\$ (757)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	960	1	230	1,191
Changes in assets and liabilities:				
(Increase) Decrease in Assets				
Accounts receivable, net	109		114	223
Interfund receivables		2	74	76
Inventories			(386)	(386)
Prepaid items	8		10	18
Increase (Decrease) in Liabilities				
Accounts payable and accruals	264	(153)	67	178
Other liabilities		(236)		(236)
Total Adjustments	1,341	(386)	109	1,064
Net Cash Provided by (Used for) Operating Activities	\$ 0	\$ (151)	\$ 458	\$ 307

Noncash Capital and Related Financing and Investing Activities:

During the fiscal year ended, June 30, 2000, Mississippi Coast Coliseum Commission's contributed capital increased as a result of the receipt of \$35,000 of fixed assets from another government.

Statistical and Economic Data

The accompanying statistical tables of the state of Mississippi reflect social and economic data to allow a broader understanding of the environment in which the state operates, as well as historical perspectives and financial trends to assess the fiscal capacity of state government. Statistical tables differ from financial statements because they usually cover more than one fiscal year and present certain nonaccounting data.



Expenditures by Function

All Governmental Fund Types

Table I

For the Last Ten Fiscal Years (Expressed in Thousands)

Function	2000	1999	1998	1997
General government	\$ 1,034,840	\$ 973,084	\$ 919,048	\$ 858,218
Education	2,224,058	2,017,162	1,907,632	1,765,476
Health and social services	3,138,724	2,843,194	2,715,471	2,736,515
Law, justice and public safety	471,444	461,383	408,957	381,929
Recreation and resources development	334,666	304,507	304,795	266,633
Regulation of business and professions	27,864	25,820	24,007	22,518
Transportation	881,051	815,496	749,466	694,895
Debt service	264,282	222,653	193,392	174,787
Capital outlay	110,072	78,014	84,883	86,435
Total Expenditures - All Governmental Fund Types	\$ 8,487,001	\$ 7,741,313	\$ 7,307,651	\$ 6,987,406

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

Revenues by Source

All Governmental Fund Types

Table II

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2000	1999	1998	1997
State taxes	\$ 4,431,550	\$ 4,255,102	\$ 4,023,265	\$ 3,742,013
Licenses, fees and permits	370,980	347,498	322,081	298,158
Federal government	3,098,013	2,865,653	2,765,550	2,778,514
Interest and other investment income, net	175,799	143,488	124,338	122,271
Charges for sales and services	256,976	235,310	234,250	212,532
Rentals	12,896	13,211	10,396	9,142
Court assessments and settlements	199,792	110,231	348	210
Other	241,421	233,325	393,904	219,429
Total Revenues - All Governmental Fund Types	\$ 8,787,427	\$ 8,203,818	\$ 7,874,132	\$ 7,382,269

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

State Tax Revenues by Source

All Governmental Fund Types

Table III

For the Last Ten Fiscal Years (Expressed in Thousands)

Source	2000	1999	1998	1997
Sales and use	\$ 2,295,463	\$ 2,212,773	\$ 2,059,249	\$ 1,920,884
Gasoline and other motor fuel	411,618	397,262	392,260	358,866
Privilege	87,509	76,717	66,290	65,288
Motor vehicle registration	26,691	26,195	28,023	25,406
Individual income	1,007,752	942,027	894,790	790,805
Alcoholic beverage	45,826	44,987	43,261	42,530
Corporate income and franchise	293,658	298,464	280,361	292,827
Severance	26,388	18,845	29,573	31,841
Inheritance	22,183	30,308	21,471	12,638
Tobacco	56,544	57,486	57,344	57,201
Insurance	116,823	110,938	112,207	107,224
Nuclear power	21,959	20,000	20,000	20,000
Other	19,136	19,100	18,436	16,503
Total Tax Revenues - All Governmental Fund Types	\$ 4,431,550	\$ 4,255,102	\$ 4,023,265	\$ 3,742,013

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Governmental Fund Types of the primary government are described in Note 1C of the Notes to the Financial Statements.

1996	1995	1994	1993	1992	1991
\$ 817,625	\$ 727,065	\$ 616,453	\$ 555,839	\$ 534,695	\$ 502,922
1,793,100	1,677,577	1,479,242	1,389,598	1,338,587	1,247,374
2,633,871	2,583,972	2,393,508	2,226,713	2,096,952	1,730,372
339,796	282,667	258,928	199,389	187,192	187,964
249,433	228,555	204,695	182,746	184,081	180,033
22,734	22,319	20,240	18,406	18,399	15,596
651,044	532,217	497,877	507,738	502,580	451,903
134,406	214,495	107,682	105,784	113,027	87,100
126,592	56,134	11,330	22,797	18,047	12,305
\$ 6,768,601	\$ 6,325,001	\$ 5,589,955	\$ 5,209,010	\$ 4,993,560	\$ 4,415,569

1996	1995	1994	1993	1992	1991
\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487	\$ 2,394,092
270,438	250,994	208,240	153,971	98,946	88,455
2,729,566	2,717,589	2,518,279	2,390,803	2,280,181	1,898,506
122,682	112,186	52,194	34,185	44,373	62,461
194,764	184,284	186,888	183,798	171,041	165,740
10,591	10,175	9,185	6,990	6,470	6,826
2,732		153	106	2,633	2,053
182,740	216,057	181,990	167,142	134,155	52,710
\$ 7,077,046	\$ 6,843,031	\$ 6,283,854	\$ 5,796,828	\$ 5,232,286	\$ 4,670,843

1996	1995	1994	1993	1992	1991
\$ 1,847,589	\$ 1,721,214	\$ 1,585,132	\$ 1,410,372	\$ 1,174,950	\$ 1,114,670
354,104	347,015	339,876	319,670	307,135	291,749
67,630	57,060	58,197	55,317	37,993	39,488
24,700	23,949	23,951	23,111	22,560	26,987
730,035	663,292	630,168	571,860	499,196	468,747
41,270	41,667	41,291	38,483	38,437	37,702
262,728	264,638	219,838	210,896	189,459	186,895
29,057	28,059	32,387	41,666	42,322	50,792
14,208	12,513	10,886	9,411	11,235	7,413
55,121	57,483	54,498	53,025	51,995	51,161
101,472	100,043	97,215	93,677	90,467	90,759
20,000	20,000	19,999	20,001	20,000	20,039
15,619	14,813	13,487	12,344	8,738	7,690
\$ 3,563,533	\$ 3,351,746	\$ 3,126,925	\$ 2,859,833	\$ 2,494,487	\$ 2,394,092

Net General Long-term Bonded Debt Per capita

For the Last Ten Fiscal Years

Table IV

Fiscal Year	Population	General Long-term Bonded Debt (Expressed in Thousands)			Net General Long-term Debt Per capita
		Principal Outstanding	Less: Debt Service Fund	Net	
2000	2,780,000	\$ 2,014,076	\$ 95,068	\$ 1,919,008	\$ 690
1999	2,770,000	1,883,255	80,474	1,802,781	651
1998	2,750,000	1,595,044	30,795	1,564,249	569
1997	2,730,000	1,361,693	37,635	1,324,058	485
1996	2,710,000	1,205,498	30,473	1,175,025	434
1995	2,690,000	981,058	26,881	954,177	355
1994	2,660,000	824,151	124,462	699,689	263
1993	2,640,000	677,906	126,609	551,297	209
1992	2,610,000	634,933	133,919	501,014	192
1991	2,590,000	646,662	138,697	507,965	196

Source: Population -- Mississippi Econometric Model

General Long-term Bonded Debt -- State Treasurer

Debt Service Funds Available -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

(1) Total general long-term bonded debt and notes exclude general obligation bonds payable from enterprise and university funds.

(2) Debt service fund represents the amount available, designated for debt service as reflected in the Mississippi Comprehensive Annual Financial Report.

Ratio of Annual Debt Service for General Long-term Bonded Debt to Total Revenues and Expenditures

For the Last Ten Fiscal Years (Expressed in Thousands)

Table V

Fiscal Year	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
2000	\$ 264,282	\$ 8,787,427	3.0 %	\$ 8,487,001	3.1 %
1999	222,653	8,203,818	2.7	7,741,313	2.9
1998	193,392	7,874,132	2.5	7,307,651	2.6
1997	170,630	7,382,820	2.3	6,987,406	2.4
1996	134,406	7,077,046	1.9	6,768,601	2.0
1995	127,283	6,843,031	1.9	6,325,001	2.0
1994	107,682	6,283,854	1.7	5,589,955	1.9
1993	105,784	5,796,829	1.8	5,209,011	2.0
1992	108,611	5,232,286	2.1	4,993,561	2.2
1991	87,100	4,670,842	1.9	4,415,569	2.0

Source: Total Debt Service, Revenues and Expenditures -- Mississippi Comprehensive Annual Financial Report, GAAP Basis

Note: Total debt service represents principal and interest paid on general and limited obligation bonds.

Computation of Legal Debt Margin

June 30, 2000 (Expressed in Thousands)

Table VI

Legal debt limit (1 1/2 times revenue collected during any one of the four preceding years, whichever is higher) (1)	\$	7,627,217
Amount of debt applicable to debt limit (2)	\$	2,014,076
Less: amounts available for debt service		<u>95,068</u>
Net amount of debt applicable to debt limit		<u>1,919,008</u>
Legal Debt Margin	\$	<u>5,708,209</u>

Notes:

- (1) The state's constitutional debt limit is established under Section 115 of the Mississippi Constitution at one and one-half times the sum of all revenues collected by the state during any one of the four preceding fiscal years, whichever may be higher. Revenues included in the forgoing debt limitation computation are restricted by current practice to the following governmental fund revenues: taxes, licenses, fees and permits, investment income, rental income, service charges (including net income from the sale of alcoholic beverages), fines, forfeits, and penalties. Defined revenues for the four preceding years were:

Fiscal Year	Applicable Governmental Fund Revenues
1999	\$ 5,084,812
1998	4,758,675
1997	4,454,101
1996	4,358,083

- (2) The legal debt limit applies to total general long-term bonded debt which excludes general obligation bonds payable from enterprise and university funds.

Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

Table VII

MISSISSIPPI FAIR COMMISSION

Debt Service Requirements

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2000	\$ 3,877	\$ 3,740	\$ 137	\$ 95	\$ 76	\$ 171	.80
1999	3,936	3,489	447	90	84	174	2.57
1998	3,599	3,384	215	85	92	177	1.21
1997	3,703	3,327	376	80	100	180	2.09
1996	3,580	3,087	493	75	107	182	2.71
1995	3,390	2,983	407	70	112	182	2.24
1994	3,274	2,936	338	65	118	183	1.85
1993	2,840	2,775	65	60	123	183	.36
1992	2,803	2,724	79	55	128	183	.43
1991	2,642	2,561	81	50	132	182	.45

Source: Mississippi Comprehensive Annual Financial Report, GAAP Basis

Notes:

- (1) Total operating revenues.
 (2) Total operating expenses exclusive of interest and depreciation.

Demographic Statistics

For the Last Ten Calendar Years

Table VIII

Calendar Year	Population	Per Capita Income (Current \$)	Public School Enrollment	Unemployment Rate
1999	2,770,000	19,562	502,379	5.1%
1998	2,750,000	18,957	504,792	5.4
1997	2,730,000	18,077	503,967	5.7
1996	2,710,000	17,407	503,602	6.1
1995	2,690,000	16,588	503,301	6.1
1994	2,660,000	15,887	503,374	6.6
1993	2,640,000	14,898	504,229	6.4
1992	2,610,000	14,164	501,577	8.2
1991	2,590,000	13,376	500,122	8.7
1990	2,580,000	12,708	502,020	7.6

Source: Population -- Mississippi Econometric Model
 Per Capita Income -- Mississippi Econometric Model
 Public Schools -- Kindergarten - Grade 12 -- Academic Year -- Mississippi State Department of Education
 Unemployment Rate -- Mississippi Employment Security Commission

Economic Characteristics

For the Last Ten Calendar Years (Expressed in Thousands)

Table IX

Calendar Year	Gross State Product (Current \$)	Gross State Product (Inflation-Adjusted \$)	Personal Income (Current \$)	Personal Income (Inflation-Adjusted \$)	Average Annual Consumer Price Index
1999	\$ 63,235,000	\$ 37,956,200	\$ 54,179,000	\$ 32,520,400	166.6
1998	60,634,000	37,198,800	52,169,000	32,005,500	163.0
1997	58,313,000	36,332,100	49,386,000	30,770,100	160.5
1996	55,757,000	35,536,600	47,173,000	30,065,600	156.9
1995	53,748,000	35,267,700	44,623,000	29,280,200	152.4
1994	50,750,000	34,244,300	42,308,000	28,547,900	148.2
1993	46,605,000	32,252,600	39,272,000	27,177,900	144.5
1992	43,302,000	30,863,900	36,967,000	26,348,500	140.3
1991	40,846,000	29,989,700	34,657,000	25,445,700	136.2
1990	38,701,000	29,610,600	32,748,000	25,055,900	130.7

Source: Gross State Product (GSP) -- Mississippi Econometric Model
 Gross State Product (Inflation Adjusted) -- GSP divided by Average Annual Consumer Price Index (CPI)
 Personal Income (PI) -- Mississippi Econometric Model
 Personal Income (Inflation Adjusted) -- PI divided by CPI
 Average Annual Consumer Price Index -- U.S. Department of Labor, Bureau of Labor Statistics

Bank Deposits, Retail Sales, Median Household Disposable Income

For the Last Ten Calendar Years (Expressed in Thousands)

Table X

Calendar Year	Bank Deposits	Retail Sales	Median Household Disposable (Aftertax) Income
1999	\$ 23,389,129	\$ 33,382,785	\$ 28
1998	22,546,393	30,670,175	27
1997	25,851,444	28,677,726	26
1996	24,802,701	24,643,485	25
1995	23,960,825	25,796,258	24
1994	22,832,705	24,059,806	27
1993	20,493,525	21,240,615	25
1992	19,700,197	19,778,000	23
1991	19,068,256	19,108,000	22
1990	18,501,795	18,631,000	20

Source: Bank Deposits -- Mississippi Department of Banking and Consumer Finance

Retail Sales -- Mississippi State Tax Commission

Median Household Disposable (Aftertax) Income -- Sales and Marketing Management, Survey of Buying Power

Principal Industrial Employers

(Ranked by Number of Employees)

Table XI

Company	Number of Plants	Number of Employees
Litton Industries	3	11,031
Friede Goldman Halter	7	4,887
Sanderson Farms, Inc.	8	4,693
Howard Industries, Inc.	4	4,645
Tyson Foods, Inc.	6	3,702
B. C. Rogers Poultry, Inc.	4	3,672
Lennox International	3	3,422
Georgia-Pacific Corporation	19	3,308
Furniture Brands International	4	3,249
International Paper Company	12	2,969
Peco Farms, Inc.	8	2,923
Choctaw Maid Farms	5	2,895
La-Z-Boy Chair Company	8	2,827
Delphi Automotive System	3	2,523
Peavey Electronics Corporation	4	2,323
Lifestyle Furnishings, International	9	2,075
Sara Lee Corporation	3	2,050
Ashley Home Furnishings	2	1,988
Leggett & Platt, Inc.	13	1,879
Weyerhaeuser Company	12	1,834
Heath Home Furnishings	5	1,760
MTD Products	3	1,650
Franklin Corporation	1	1,600
Sunbeam Corporation	3	1,501
Cooper Tire & Rubber	2	1,439

Source: Mississippi Department of Economic and Community Development

Population and Employment

For the Last Ten Calendar Years

Table XII

Selected Indicators	1999	1998	1997
Population	2,770,000	2,750,000	2,730,000
Employed	1,205,300	1,199,200	1,189,800
Unemployed	64,700	68,200	72,500
Total Labor Force	1,270,000	1,267,400	1,262,300
Mississippi Unemployment Rate	5.1%	5.4%	5.7%
U.S. Unemployment Rate	4.2%	4.5%	4.9%

Source: Population -- Mississippi Econometric Model

Employed, Unemployed, Mississippi Unemployment Rate -- Mississippi Employment Security Commission

U.S. Unemployment Rate -- U. S. Department of Labor, Bureau of Labor Statistics

Mississippi Average Annual Employment by Sector

For the Last Ten Calendar Years

Table XIII

Sector	1999	1998	1997
Agriculture	33,700	36,300	35,800
Construction	55,700	54,400	50,900
Finance, insurance and real estate	42,400	42,500	41,700
Government	228,900	223,400	219,000
Manufacturing	244,900	245,500	241,800
Mining	5,200	6,300	5,900
Services	269,900	262,600	256,300
Transportation and public utilities	55,500	53,800	53,000
Wholesale and retail trade	252,400	245,200	238,400

Source: Mississippi Employment Security Commission - Establishment Based Employment

Mississippi Average Annual Wages by Sector

For the Last Ten Calendar Years

Table XIV

Sector	1999	1998	1997
Agriculture	\$ 18,859	\$ 18,064	\$ 17,318
Construction	26,937	26,508	24,369
Finance, insurance and real estate	30,460	30,005	28,030
Government	23,043	22,463	21,703
Manufacturing	27,630	26,712	25,584
Mining	40,171	36,794	34,674
Services	23,489	22,870	21,980
Transportation and public utilities	33,210	32,721	32,041
Wholesale and retail trade	47,032	45,469	42,969

Source: Mississippi Employment Security Commission - Establishment Based Employment

1996	1995	1994	1993	1992	1991	1990
2,710,000	2,690,000	2,660,000	2,640,000	2,610,000	2,590,000	2,580,000
1,180,200	1,180,000	1,169,800	1,138,200	1,093,700	1,086,000	1,093,500
77,000	77,000	82,900	78,300	97,700	104,100	90,100
1,257,200	1,257,000	1,252,700	1,216,500	1,191,400	1,190,100	1,183,600
6.1%	6.1%	6.6%	6.4%	8.2%	8.7%	7.6%
5.4%	5.6%	6.1%	6.9%	7.5%	6.8%	5.6%

1996	1995	1994	1993	1992	1991	1990
38,200	41,400	38,300	40,300	39,800	35,700	33,400
48,600	45,400	43,500	39,600	35,400	34,800	37,200
40,900	40,000	39,700	38,800	38,400	38,700	38,800
216,800	214,700	213,700	210,100	207,900	203,900	203,400
245,600	257,800	261,000	255,700	251,900	246,900	246,500
5,300	4,900	5,100	5,200	5,200	5,700	6,000
246,100	232,400	224,700	196,700	175,500	165,800	161,000
52,800	51,100	48,600	46,300	45,000	45,000	45,300
232,900	228,200	219,400	209,800	201,000	196,800	198,400

1996	1995	1994	1993	1992	1991	1990
\$ 16,501	\$ 16,153	\$ 15,276	\$ 14,457	\$ 14,395	\$ 13,758	12,889
23,294	22,188	21,928	20,782	19,961	19,237	18,906
26,707	25,916	24,748	24,112	23,198	21,546	20,837
20,731	19,923	18,965	18,156	17,540	17,410	16,498
24,323	23,301	22,593	21,768	21,119	20,022	19,385
31,661	30,025	29,175	27,829	27,367	26,245	25,490
21,222	20,569	19,416	18,713	18,302	17,718	17,009
30,406	29,520	28,983	27,952	27,710	26,285	25,526
41,022	39,548	38,328	36,917	36,081	34,482	32,854



Public School Enrollment

For the Last Ten Academic Years

Table XV

Grade	1999/2000	1998/1999	1997/1998	1996/1997
Kindergarten	39,455	41,057	40,667	40,511
Grades 1-3	124,176	124,759	123,254	120,952
Grades 4-6	116,155	113,584	112,996	113,212
Grades 7-9	115,585	116,913	120,205	122,732
Grades 10-12	90,947	91,783	92,183	90,311
Special Education	13,044	14,283	15,487	16,249
Total Enrollment	499,362	502,379	504,792	503,967

Source: Mississippi State Department of Education

Full-time Equivalent Student Enrollment - Community and Junior Colleges

For the Last Ten Academic Years

Table XVI

Community and Junior College	1999/2000	1998/1999	1997/1998	1996/1997
Coahoma Community College	1,317	1,336	1,458	1,457
Copiah-Lincoln Community College	3,086	2,967	3,047	2,984
East Central Community College	2,605	2,518	2,463	2,358
East Mississippi Community College	2,848	3,033	2,725	3,426
Hinds Community College	10,943	10,361	10,635	10,745
Holmes Community College	3,089	2,466	2,854	2,968
Itawamba Community College	3,946	3,965	3,820	4,302
Jones County Junior College	5,016	5,465	5,133	5,128
Meridian Community College	3,077	3,132	3,271	3,213
Mississippi Delta Community College	5,242	4,208	3,597	3,576
Mississippi Gulf Coast Community College	10,054	10,124	9,965	10,203
Northeast Mississippi Community College	4,792	4,366	4,416	4,044
Northwest Mississippi Community College	5,074	5,083	5,247	5,276
Pearl River Community College	3,291	3,264	2,967	3,049
Southwest Mississippi Community College	2,066	2,022	1,997	1,900
Total Community and Junior Colleges	66,446	64,310	63,595	64,629

Source: Mississippi State Board for Community and Junior Colleges

Full-time Equivalent Student Enrollment - Universities

For the Last Ten Academic Years

Table XVII

University	1999/2000	1998/1999	1997/1998	1996/1997
Alcorn State University	2,871	2,860	2,847	3,073
Delta State University	4,086	4,048	4,085	4,015
Jackson State University	6,354	6,292	6,333	6,218
Mississippi State University	16,076	15,718	15,645	14,859
Mississippi University for Women	2,953	3,314	3,309	3,277
Mississippi Valley State University	2,509	2,445	2,253	2,199
University of Mississippi	11,746	11,443	11,301	10,993
University of Southern Mississippi	14,350	14,533	14,593	14,117
Total Universities	60,945	60,653	60,366	58,751
University of Mississippi Medical Center	1,781	1,862	1,877	1,806

Source: Dept. of Research and Planning, Institutions of Higher Learning, State of Mississippi

1995/1996	1994/1995	1993/1994	1992/1993	1991/1992	1990/1991
40,559	39,545	38,523	37,077	36,954	37,810
118,376	117,407	117,362	119,904	121,500	124,205
114,646	116,375	118,755	121,097	122,108	121,426
123,903	125,306	123,797	121,260	118,497	116,436
89,375	88,419	88,936	88,962	88,322	87,961
16,743	16,249	16,001	15,929	14,196	12,284
503,602	503,301	503,374	504,229	501,577	500,122

1995/1996	1994/1995	1993/1994	1992/1993	1991/1992	1990/1991
1,576	1,410	1,332	818	1,216	1,840
2,941	2,790	2,597	2,542	2,618	2,350
4,404	1,800	1,647	2,112	1,568	1,677
2,896	1,876	1,331	1,493	1,388	984
10,290	10,668	10,065	10,508	10,078	9,804
2,492	2,549	2,465	2,173	2,074	1,865
3,957	4,122	3,989	3,934	3,954	3,748
5,073	4,828	4,772	4,937	4,435	4,285
2,963	2,868	3,059	3,047	2,805	2,608
3,343	3,931	3,515	3,723	3,622	3,278
10,550	12,393	13,852	10,266	10,203	10,034
3,879	3,915	3,634	3,817	3,587	3,483
4,653	4,889	4,566	4,319	3,919	4,037
2,840	3,038	3,109	3,083	3,101	3,083
1,792	1,549	1,638	1,536	1,561	1,574
63,649	62,626	61,571	58,308	56,129	54,650

1995/1996	1994/1995	1993/1994	1992/1993	1991/1992	1990/1991
2,989	2,756	2,671	2,872	3,204	2,790
3,288	3,199	3,298	3,205	3,454	3,358
5,479	5,273	5,477	5,506	5,946	6,144
12,185	11,680	11,894	12,232	12,192	12,407
2,055	2,060	1,945	1,959	1,942	1,833
2,145	2,177	2,299	2,217	2,051	1,908
9,449	9,253	9,516	9,948	10,207	10,231
11,689	10,516	10,429	10,742	11,254	11,296
49,279	46,914	47,529	48,681	50,250	49,967
2,450	2,045	2,377	2,272	2,311	2,254

Miscellaneous Statistics

June 30, 2000

Table XVIII

Date Entered Union	December 10, 1817
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	10,649
Land Area	47,233 Square Miles

State Highway Patrol:

Number of Stations	9
Number of Sworn Officers	537

Higher Education (Universities and Community and Junior Colleges):

Number of Campuses in State	53
Number of Educators	8,206
Number of Students	129,172

Recreation:

Number of State Parks	29	
Area of State Parks	23,756	Acres
Area of State Forests	133,118	Acres

State Employees:

Full-Time	31,514
Part-Time(Permanent)	986

Source: Mississippi Statistical Abstract
 Mississippi Department of Transportation
 Mississippi Department of Public Safety
 Board of Trustees of State Institutions of Higher Learning, State of Mississippi
 Mississippi State Board for Community and Junior Colleges
 Mississippi Department of Wildlife, Fisheries and Parks
 Mississippi Forestry Commission
 Mississippi State Personnel Board